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NAVAL POSTGRADUATE SCHOOL

MONTEREY, CALIFORNIA

THESIS

**ENHANCING THE EUROPEAN UNION'S
DEVELOPMENT STRATEGY IN AFGHANISTAN**

by

David K. Spencer

June 2010

Thesis Co-Advisors:

David S. Yost
Scott N. Siegel

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**ENHANCING THE EUROPEAN UNION'S
DEVELOPMENT STRATEGY IN AFGHANISTAN**

David K. Spencer
Major, United States Army
B.A., Saint Bonaventure University, New York, 1998

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NAVAL POSTGRADUATE SCHOOL
June 2010

Author: David K. Spencer

Approved by: David S. Yost
Thesis Co-Advisor

Scott N. Siegel
Thesis Co-Advisor

Harold A. Trinkunas, PhD
Chairman, Department of National Security Affairs

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ABSTRACT

The development strategy of the European Union (EU) in Afghanistan suffers from two major defects: inadequate coordination between the EU donors, national and collective, and an overemphasis on short-term projects that do not promote sustainable economic growth. This thesis examines the underlying causes of these defects and analyzes two methods that might address them. First, it assesses the possible benefits of appointing an EU or United Nations Assistance Mission to Afghanistan “super envoy” to synchronize EU donor activities. Second, it uses a regional development strategy case study called “Nangarhar Inc” to examine techniques that the EU donors could emulate to enable a revised EU strategy to attain its fullest potential. The analysis indicates that an EU “super envoy” might be able to harness the full weight of the EU donors in regional development strategies undertaking large-scale projects beyond the capabilities of most donors in Afghanistan. The thesis concludes that by promoting private-sector-led economic growth through regional strategies, a unified EU strategy might provide sustainable development in Afghanistan that could contribute to a notable reduction in the requirement for international donor intervention in the mid to long term.

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LIST OF ACRONYMS AND ABBREVIATIONS

AAP	Annual Action Program
ACBAR	Agency Coordinating Body for Afghan Relief
AC	Afghanistan Compact
ADB	Asian Development Bank
AGS	Afghanistan Geological Society
AIAF	Afghanistan Interim Authority Fund
AKDN	Aga Khan Development Network
ANA	Afghan National Army
ANDS	Afghanistan National Development Strategy
ANP	Afghan National Police
AREU	Afghanistan Research and Evaluation Unit
ARTF	Afghanistan Reconstruction Trust Fund
ASMED	Afghanistan Small and Medium Enterprise Development Program
BCF	Billions of Cubic Feet
BGS	British Geological Society
BTHW	Bundesanstalt Technisches Hilfswerk – German Federal Agency for Technical Relief
CCCG	Cross Cutting Consultative Group
CCTG	Cross Cutting Thematic Group
CERP	Commander’s Emergency Response Program
CDC	Community Development Council
CIA	Central Intelligence Agency
CIDA	Canadian International Development Agency
CFSP	Common Foreign and Security Policy
CG	Consultative Group
CNTF	Counter Narcotics Trust Fund
CRS	Congressional Research Service
COIN	Counterinsurgency
CN	Counter Narcotics
CNTF	Counter Narcotics Trust Fund

CSP	Country Strategy Paper
DAC	Development Assistance Committee (OECD)/Danish Afghanistan Committee
DAARTT	Danish Assistance for Afghanistan Rehabilitation and Technical Training
DACAAR	Danish Committee for Aid to Afghan Refugees
DAD	Donor Assistance Database
DANIDA	Danish International Development Assistance
DCI	Development Cooperation Ireland
DDA	District Development Assembly
DDP	District Development Plan
DDR	Disarmament, Demobilization, and Reintegration
DED	German Development Service
DEVAD	Development Advisors
DoD	Department of Defense
DoS	Department of State
EC	European Commission
ECHO	European Commission Humanitarian Office
EP	European Parliament
ESDP	European Security and Defense Policy
ESS	European Security Strategy
EU	European Union
EUPOL	European Union Police Mission (in Afghanistan)
EUSRA	European Union Special Representative for Afghanistan
FAO	Food and Agriculture Organisation (UN)
FATA	Federally Administered Tribal Areas
FDI	Foreign Direct Investment
FSR	Further Study Recommended
GAERC	General Affairs and External Relations Council
GDP	Gross Domestic Product
GoA/GoAF	Government of Afghanistan
GIRoA	Government of the Islamic Republic of Afghanistan

GTZ	Gesellschaft für Technische Zusammenarbeit (German Technical Cooperation)
HALO Trust	Habitable Areas Life-Support Organisation Trust
HIPC	Heavily Indebted Poor Country
HNI	Health Net International
I-ANDS	Interim Afghanistan National Development Strategy
IC	International Community
ICRC	International Committee of the Red Cross
IO	International Organization
IOM	International Organization for Migration
ISAF	International Security Assistance Force
IRoA	Islamic Republic of Afghanistan
IMF	International Monetary Fund
JCMB	Joint Coordinating and Monitoring Board
LOTFA	Law and Order Trust Fund
MCC	China Metallurgical Group
MDGs	Millennium Development Goals
Min	Ministry
MIP	Multiannual Indicative Program
MMB	Millions of Barrels
MoEc	Ministry of Economy
MoE	Ministry of Education
MoEC	Ministry of Economic Cooperation and Development
MoF	Ministry of Finance
MoFa	Ministry of Foreign Affairs
MoJ	Ministry of Justice
MoM	Ministry of Mines
MoUD	Ministry of Urban Development
MRRD	Ministry of Rural Rehabilitation and Development
MW	Megawatt
NABDP	National Area-Based Development Program
NASA	National Aeronautics and Space Administration

NATO	North Atlantic Treaty Organization
NGL	Natural Gas Liquids
NSP	National Solidarity Program
NGO	Non-Governmental Organization
NWFP	North Western Frontier Province
OCHA	Office for the Coordination of Humanitarian Affairs (UN)
ODA	Official Development Assistance
OEF	Operating Enduring Freedom
OHR	Office of the High Representative
OSC	Oversight Committee (for the ANDS)
OSCE	Organisation for Security and Co-Operation in Europe
Oxfam	Oxford Committee on Famine Relief
PDC	Provincial Development Council
PDP	Provincial Development Plan
PJCC	Police and Judicial Cooperation in Criminal Matters
PRSP	Poverty Reduction Strategy Paper
PRT	Provincial Reconstruction Team
RC	Regional Command/Red Cross
RC-East	Regional Command-East
RC-South	Regional Command-South
RC-NL	Red Cross – The Netherlands
REE	Rare Earth Element
SCA	Swedish Committee for Afghanistan
SIDA	Swedish International Development Cooperation Agency
SIGAR	Special Inspector General for Afghanistan Reconstruction
SMEs	Small and Medium Enterprises
SR-SG	Special Representative of the Secretary General
SSR	Security Sector Reform
SV	Stichting Vluchteling – (Dutch) Refugee Foundation
SWOT	Strengths, Weaknesses, Opportunities, Threats
TA	Transitional Authority
TAG	Technical Advisory Group

TAT	Technical Assistance Team
TOR	Terms of Reference
TWG	Technical Working Group
UK	United Kingdom
UN	United Nations
UNDP	United Nations Development Program
USAID	United States Agency for International Development
USGS	United States Geological Society
UNAMA	United Nations Assistance Mission to Afghanistan
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNMAS	United Nations Mine Action Survey
UNOPS	United Nations Office for Project Services
UNSCR	United Nations Security Council Resolution
WG	Working Group
WB	World Bank
WFP	World Food Program

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I. INTRODUCTION

A. MAJOR RESEARCH QUESTION

This thesis explores methods by which the development strategy of the European Union (EU) in Afghanistan could be improved. It focuses on two areas, EU development strategy adjustment and EU development effort coordination. These areas are explored following an examination of the current EU apparatus for development decision making and implementation, including the rivalry for responsibilities and competences among the Council of the European Union, the European Commission (EC), and other EU agencies. This analysis considers the stated development objectives for Afghanistan generated by international organizations (IO) that influence EU donors and the institutions and member states of the EU. It also discusses the coordination of development agencies sponsored by EU member states such as Ireland's Development Cooperation Ireland (DCI), Sweden's Swedish International Development Cooperation Agency (SIDA), and the United Kingdom's Department for International Development (DfID). The overall research question explored in this thesis is: "How could the European Union's development strategy in Afghanistan be made more effective?"

B. IMPORTANCE

For various reasons, Afghanistan represents an important foreign policy challenge for numerous nations. The Al Qaeda orchestrated terrorist attacks of September 2001 figure prominently in the rationale for engagement in Afghanistan for many nations, most notably the United States. For these nations, one of the primary objectives of intervention in the country is "to put an end to the use of Afghanistan as a base for terrorism," as stated in United Nations Security Council Resolution 1383, adopted on December 6, 2001.¹ Under the auspices of UN Security Council Resolution 1386, 43 nations provided approximately 85,795 peacekeeping troops for the International Security Assistance

¹ United Nations, "Security Council Resolutions – 2001," <http://www.un.org/Docs/scres/2001/sc2001.htm> (accessed August 7, 2009).

Force (ISAF) as of February 1, 2010.² In monetary terms, 46 donor countries and agencies donated more than \$57.1 billion for reconstruction in Afghanistan during the period 2001–2009.³

Success in Afghanistan is also critical to the European Union, which aims to achieve a number of broad objectives in this country. These include poverty reduction (in keeping with the UN's Millennium Development Goals), regional stability, strengthening of ties between Europe and Asia, protection of human rights, poppy eradication, good governance, and the rule of law.⁴ These are basic objectives in the European Security Strategy as well as the EU-Afghanistan Joint Declaration, and they describe some of the reasons why the EU is involved in development in Afghanistan.⁵

In support of these objectives, the European Union⁶ has heavily invested in Afghanistan, with a total of about €8 billion committed in 2002–2010.⁷ However, according to Daniel Korski, a Senior Policy Fellow for the European Council for Foreign Relations, far more is at stake than simple financial concerns: “In Europe defeat in Afghanistan would imperil the effort to develop a common EU foreign policy, thereby

² NATO, “ISAF Troops in Numbers (Placemat),” *International Security Assistance Force*. February 1, 2010. <http://www.nato.int/isaf/docu/epub/pdf/placemat.pdf> (accessed February 24, 2010). The placemat notes that exact numbers cannot be ascertained.

³ United States. Special Inspector General for Afghanistan Reconstruction, “Report to Congress,” January 30, 2009. <http://www.sigar.mil/reports/quarterlyreports/Jan09.aspx> (accessed July 28, 2009). 39.

⁴ European Commission, “Country Strategy Paper: Islamic Republic of Afghanistan 2007–2013,” *European Union (EU) and Afghanistan*. 2007. http://ec.europa.eu/external_relations/afghanistan/index_en.htm (accessed July 28, 2009). 21; *Report on the Implementation of the European Security Strategy – Providing Security in a Changing World*. Brussels: European Union, 12 December 2008. <http://www.consilium.europa.eu/showPage.aspx?id=266&lang=En> (accessed July 28, 2009). 7.

⁵ European Union, “Consilium – European Security Strategy,” *A Secure Europe in a Better World – The European Security Strategy*. December 12, 2003. <http://www.consilium.europa.eu/showPage.aspx?id=266&lang=EN> (accessed August 14, 2009). 4–6; Council of the European Union, *EU-Afghanistan Joint Declaration: Committing to a New EU-Afghan Partnership Strasbourg 16 November 2005*. *European Union: External Relations*. November 16, 2005. <http://register.consilium.europa.eu/pdf/en/05/st14/st14519.en05.pdf> (accessed December 2, 2009). 2.

⁶ In this thesis, unless otherwise noted, the terms “European Union” and “EU donors” include both the institutions of the EU as well as its member states.

⁷ EU Council Secretariat, “EU Engagement In Afghanistan,” http://www.consilium.europa.eu/uedocs/cmsUpload/090330-EU_engagement_Afghanistan.pdf (accessed July 29, 2009). 1.

damaging the EU's credibility at home and abroad. Europe's financial, military and political investment in Afghanistan is far too big to allow defeat to go unnoticed."⁸

Yet, even with so much at stake, the EU has failed to synchronize the significant tools at its disposal. In Korski's opinion, "Whether in Brussels or Kabul, Europeans have failed to define and implement a united strategy for Afghanistan."⁹ This is perhaps nowhere more evident than in the reconstruction and development arena.

Given what is at stake for the EU, an effective development and reconstruction strategy is a critical element of EU foreign and security policy. Moreover, because the European Union is a leading donor in Afghanistan, the implementation of a coordinated and effective EU development policy in Afghanistan will set an example of great interest for the other donors. This thesis explores how to reshape the EU development strategy in Afghanistan and thereby make it more effective.

C. PROBLEMS AND HYPOTHESES

1. Problems/Issues

- What are the development objectives of the European Union in Afghanistan? An analysis of EU stated objectives in Afghanistan is critical to understanding the framework for EU development and reconstruction strategies, projects, and shortfalls. The point of departure of this thesis resides in the EU's stated objectives.
- To what extent has the EU been effective in achieving these objectives? A comparison of the EU's stated objectives with its achievements in Afghanistan illustrates the EU's limited effectiveness to date in meeting its objectives.
- What factors explain the EU's lack of effectiveness in achieving its objectives?
- What factors within the EU decision making and policy implementation apparatus hinder effective development efforts? The conflicts within the current

⁸ Daniel Korski, *Afghanistan: Europe's Forgotten War*, European Council on Foreign Relations. January 31, 2008. http://ecfr.3cdn.net/fcdc73b8da7af85936_q8m6b5o4j.pdf (accessed July 28, 2009). 4.

structures of the European Union and their sometimes disparate objectives in Afghanistan must be outlined and examined. These separate institutions, together with those of EU member nations active in Afghanistan, furnish the basis for the lack of EU coordination in development efforts.

- How do the circumstances in Afghanistan hinder effective EU development efforts? The Afghanistan National Development Strategy (ANDS) describes the overall Afghan development and reconstruction strategy. The Provincial and District Development Plans (PDP/DDPs) are the Afghan vehicles used to pursue this strategy, but they are unable to effectively leverage the natural resources available to achieve long-term sustainable economic growth. Instead of simply “falling in step” behind these flawed development strategies promulgated by the Afghan government, the EU could find it advantageous to critically examine methods to effectively leverage Afghanistan’s natural resources through economic value chains (that is, chains of related natural resources in a region). By doing so, the EU could set a positive example for the rest of the international donors in Afghanistan. Although the author recognizes that organizations in general will be suspicious of any approach not created internally, it is hoped that logical solutions that address the problems evident in the current EU development strategy in Afghanistan will be considered for implementation.

2. Hypotheses

- Regional development strategies pursued by the EU could assist in addressing the Afghan development strategy challenges. The disconnect between the ANDS and the PDP/DDPs (which are analogous to strategic and tactical plans, respectively) could be addressed by strategies that link the two disconnected ends of the spectrum in Afghanistan. An example of an effective regional strategy is available in the Nangarhar Regional Development Strategy, or “Nangarhar Inc,” a United States government interagency strategy designed to accomplish this task. If it used “Nangarhar Inc” as a model, the EU would be able to redesign its development strategies to more effectively achieve the Afghan government’s development vision.

⁹ Korski, *Afghanistan: Europe's Forgotten War*, 5.

- Gathering behind a single coordinating agency or individual could address the coordination challenges. As Giji Gya and Olivier Jacquemet have observed, “everybody recognizes the need for coordination, but no one wants to be coordinated.”¹⁰ A synchronized and effective EU development strategy cannot exist without a modicum of coordination between the EU donors. This is well recognized, but the challenge is how to achieve that goal. This thesis examines two possibilities: the EU actively supporting the leadership of a single appointed EU agency or individual, or the EU supporting the Senior Representative of the UN Secretary General (SR-SG) for the United Nations Assistance Mission to Afghanistan (UNAMA) as the coordinator of EU development activities.

D. LITERATURE REVIEW

The EU is firmly established as a key donor in Afghanistan, with recent pledges solidifying its commitment for the foreseeable future. Yet, the EU development strategy suffers from many of the same problems that affect other donors in this war-torn country. Two primary areas of concern in the EU strategy are: difficulties in coordinating EU development activities in Afghanistan, and the issue of what strategy to choose in the application of EU funds allocated for reconstruction and development in Afghanistan.

This examination of these issues first explores the European Union’s difficulty in coordinating its development activities in Afghanistan. This issue is of great concern to the EU due to the amount of funds invested as well as the number of EU personnel involved in the application of these funds. Equally important is the strategy chosen by the European Union. The question remains to the current day: once money has been set aside for reconstruction and development, how best to spend it? Because so many development and reconstruction projects in Afghanistan have little effect, are sabotaged by insurgents, or are misdirected from the beginning due to a lack of understanding of essential aspects of Afghan culture, government, and society, the choice of a development strategy is a critical one for the European Union.

¹⁰ Interview, unnamed source, June 2008, cited in Giji Gya and Olivier Jacquemet, “ESDP and EU Mission Update – June 2008,” *European Security Review*, July 2008: 6.

1. The EU Strategy: Where to Spend the Money

Since the Bonn Conference in 2001, the Afghanistan National Development Strategy has grown from infancy and the European Union has attempted to dovetail its strategy with it. The first European Commission Strategy Paper for 2003–2006, through necessity, addressed basic infrastructure needs in Afghanistan. The current EC Country Strategy Paper (CSP) covers a five-year period (2007–2013) and states the intent to address more long-term needs in Afghanistan with the goal of enabling the Afghan government to become more self-sufficient.¹¹ The critical juncture was the London Conference in 2006 with the publication of the Afghanistan Compact and the Interim Afghanistan National Development Strategy (I-ANDS). The ANDS, which was finalized in 2008, serves as Afghanistan’s overarching development strategy. It also serves as a Poverty Reduction Strategy Paper (PRSP) designed to diminish poverty, meet the Millennium Development Goals, and to qualify for funding from the International Monetary Fund and the World Bank as a Heavily Indebted Poor Country (HIPC). EU donors are in general agreement that the tenets of the ANDS must be respected when considering donor strategies, not only collectively as outlined in the EU’s 2007 Afghanistan Country Strategy Paper that addresses how best to support the Afghan plan, but by individual EU member nations as well.¹²

There is logic to the EU’s collective acceptance of the ANDS as a strategic document to emulate as the EU strategy. The majority of donors in Afghanistan treat the ANDS in a similar manner. The World Bank and the International Monetary Fund accept

¹¹ European Commission, “Country Strategy Paper,” 3.

¹² European Commission, EU Blue Book 2009: The EU and Afghanistan, http://www.delafg.ec.europa.eu/en/downloadable_documents/EUBlueBookAfg_2009.pdf (accessed November 20, 2009). 23; European Commission, “Country Strategy Paper,” 3–4, 18–19; European Commission, “Multiannual Indicative Programme 2007–2010,” http://ec.europa.eu/external_relations/afghanistan/csp/mip_07_13_en.pdf (accessed December 6, 2009). 3–4; European Commission, “State of Play: July 2009,” Europeaid. (accessed December 6, 2009). http://ec.europa.eu/europeaid/where/asia/documents/afgh_state_of_play_july_09.pdf 2; House of Commons, International Development Committee – Fourth Report, February 14, 2008. <http://www.publications.parliament.uk/pa/cm200708/cmselect/cmintdev/65/6508.htm#a14> (accessed November 20, 2009). 7; Aid Harmonization & Alignment, Paris Declaration on Aid Effectiveness, March 2, 2005. <http://www.aidharmonization.org/ah-overview/secondary-pages/editable?key=205> (accessed February 15, 2010). The Paris Declaration on Aid Effectiveness states that “donor countries will base their overall support on receiving countries’ national development strategies, institutions, and procedures.” It is signed by 18 of the 27 EU member states.

the ANDS as a PRSP for loan purposes. The United Nations, through UNAMA (the United Nations Assistance Mission to Afghanistan), welcomes the ANDS because it ostensibly supports basic human rights, including women's rights, and includes as a stated objective the achievement of the UN's Millennium Development Goals. However, although the professional development literature has stressed adherence to the tenets promoted in the ANDS, there has been little published analysis as to the probable effectiveness of the ANDS as a strategy that will achieve sustainable economic growth with poverty reduction as its ultimate goal. Numerous sources have simply recommended following the ANDS because it is the Afghan government's plan, and have neglected to investigate if it is fundamentally sound or flawed in certain respects. It is this gap that merits further research to determine if a better strategy for the EU can be determined.

2. Competing Strategies Within the European Union

The lack of coordination between reconstruction and development agencies in Afghanistan is widely recognized. This understanding so permeates the literature on reconstruction and development in Afghanistan that it is difficult to understand why effective solutions have not been implemented. Par for the course is the statement in the United Kingdom's 2008 DfID report that "Problems of donor coordination are leading to a proliferation of disparate projects, low local impact of funding and creating a poor impression in Afghanistan about donors' lack of agreement."¹³ The EU is no stranger to this issue. The key to understanding the lack of coordination in the EU comes with an examination of how the EU institutions interact with each other.

In regard to Afghanistan policy, the competing institutions in the European Union include the Council of the European Union, the European Commission, and the European Parliament. Although there is not a great deal of literature dealing with internal EU responsibility overlap and conflict in regard to Afghanistan and development, there is a broader history of overlapping functions and conflict among the main EU institutions.

¹³ United Kingdom. House of Commons International Development Committee, "Reconstructing Afghanistan: Government Response to the Committee's Fourth Report of Session 2007–08," April 24, 2008. <http://www.dfid.gov.uk/Documents/publications/gov-response-int-dev-report-afghanistan-2008.pdf> (accessed November 20, 2009). 9.

The European Commission has been active in Afghanistan since the 1980s. In the 1990s, its activities included humanitarian assistance programs conducted by the European Community Humanitarian Office.¹⁴ The EC authored the Country Strategy Paper on Afghanistan in 2002 and again in 2007. However, simply because the “EU strategy” was written by an EU institution has not necessarily led to an effective coordination of effort within the European Union. The European Parliament must approve the funds that the Commission identifies as needed in Afghanistan for development and reconstruction. Although the Parliament has not objected to the Commission’s budgetary requests in Afghanistan to date, “The ‘power of the purse’ gave the EP [European Parliament] leverage...and allowed it to promote its autonomous policy preferences.”¹⁵ This has opened the door to possible future contention regarding Afghanistan policy.

Besides overlapping policy responsibilities within the EU structures listed above, the EU pillar structure that had been created by the 1992 Maastricht Treaty did not always facilitate harmonious EU action. Prior to the Lisbon Treaty, which entered into force in December 2009, all three pillars of the European Union were associated with EU operations in Afghanistan. The EC was heavily involved in the First Pillar of the European Union, the supranational Community Pillar. The European Security and Defense Policy (ESDP) was the most visible manifestation of the Second Pillar—Common Foreign and Security Policy (CFSP).¹⁶ In regards to the Third Pillar—Police and Judicial Cooperation in Criminal Matters (PJCC)—the CSP noted that “In the sector of Justice and Home Affairs, drugs policies in Afghanistan have a clear read across to the overarching EU Drugs Strategy.”¹⁷ Since the European Commission had less influence in the intergovernmental Second and Third Pillars than in the supranational First Pillar (the European Community), it is clear that multiple EU institutions were involved in the EU’s

¹⁴ European Commission, “Country Strategy Paper,” 3.

¹⁵ Brigid Laffan and Johannes Lindner, “The Budget: Who Gets What, When and How?” In *Policy-Making in the European Union*, by Helen Wallace, William Wallace, and Mark A. Pollack, 191–212. Oxford: Oxford University Press, 2005. 193.

¹⁶ Gya and Jacquemet, “EU Mission Update,” 5. EUPOL Afghanistan, which began on May 20, 2007, is an ESDP mission.

¹⁷ European Commission, “Country Strategy Paper,” 18–19.

Afghanistan strategy prior to the entry into force of the Lisbon Treaty, making the formulation and implementation of a consolidated and unified strategy difficult. It is not yet fully clear what effect the Lisbon Treaty will have on the ability of the European Union to act in a unified manner.

This lack of a single unified strategy within the EU is the biggest issue in the determination of how to spend funds in Afghanistan. The CSP discusses the efforts of cooperating agencies, including those sponsored by individual EU member states. Yet, the CSP only notes their contributions, and does not attempt to integrate them into the EU plan, which does not realistically constitute a strategy (despite being termed a strategy paper). It is noteworthy that in the CSP the European Commission identifies the importance of ensuring the coordination of the main donor actors, citing the UK and Germany as two of these “main actors.”¹⁸ The fact that the institutions of the EU cannot direct the donor activities sponsored by EU member states in one coordinated EU effort is significant, and highlights the difficulties presented to the EU. As Michael Smith, Brian Crowe, and John Peterson noted in *The Institutions of the European Union*, “EU member states have vastly different foreign policy capabilities, and vary sharply in their willingness to employ the EU’s complex and often time-consuming procedures.”¹⁹ In other words, the EU’s supranational character in the First Pillar clearly came into conflict in some policy areas with the nature of the Second and Third Pillars—an intergovernmental approach favored by the EU member states.²⁰

According to the CSP, “The European Commission’s development programme in Afghanistan is grounded in the objectives set out in Article 177 of the Treaty of the European Union.” This document sets broad objectives for development cooperation.²¹ The call for “coordination and consultation between the Community and the Member

¹⁸ European Commission, “Country Strategy Paper,” 21.

¹⁹ Michael E. Smith, Brian Crowe, and John Peterson, “International Interests: The Common Foreign and Security Policy,” In *The Institutions of the European Union*, by John Peterson and Michael Shackleton, 252–271. Oxford: Oxford University Press, 2006. 254.

²⁰ Ibid.

²¹ Europa, *Treaty on European Union*, <http://eurlex.europa.eu/en/treaties/dat/11992M/html/11992M.html#0001000001> (accessed December 6, 2009), cited in European Commission, “Country Strategy Paper,” 30. The CSP also refers to Article 130u in the Treaty on European Union.

States on their aid programmes”²² indicates that there are shortcomings in this respect. The European Commission cannot direct a coordinated development program in Afghanistan when the mandates and objectives of the European Union and the member states are not aligned, and the EU does not have the authority to direct a consolidated strategy. In Afghanistan, where EU member states are involved in pursuing their national foreign policies, “The Commission is only ‘fully associated’ (that is, it has a lesser position than member states) and the EP [that is, the European Parliament] has no power (and little influence) over the common foreign and security policy.”²³ The European Commission’s lack of authority over member states is also apparent in the fact that it holds a seat on the Joint Coordination and Monitoring Board (JCMB) that is equal to the seats held by various EU member states.²⁴

Perhaps the most visible manifestation of the conflicting mandates of EU structures resides in the Provincial Reconstruction Teams (PRTs) that are sponsored by EU member states in Afghanistan. The PRTs suffer from the lack of an integrated strategy, even though the NATO-led International Security Assistance Force (ISAF) is technically the lead for PRTs in Afghanistan. The EU-Afghanistan Joint Declaration and the European Commission’s Country Strategy Paper for Afghanistan call for continued support of these PRTs—even with the challenges they face. According to the findings of a 2008 workshop organized by the Woodrow Wilson School at Princeton University, “PRTs have become an integral part of peacekeeping and stability operations; but they have also been criticized for their mixed effectiveness, overemphasis on military objectives and priorities, failure to effectively coordinate and communicate with the UN and non-governmental organizations (NGOs), and differences in staffing and mission.”²⁵ Moreover, the same workshop report notes that “Almost five years after the

²² Europa, *Treaty on European Union*, 30.

²³ Smith, Crowe, and Peterson, “International Interests,” 253.

²⁴ Islamic Republic of Afghanistan, “Joint Coordination and Monitoring Board (JCMB) Terms of Reference,” <http://www.and.s.gov.af/ands/jcmb/site/src/Information%20on%20JCMB/JCMB%20TOR%20-%20English.pdf> (accessed December 3, 2009). 1–2.

establishment of the first PRT, the extent to which they are meant to be a mechanism for development, security, COIN [counterinsurgency], or even a partnership between agencies on the ground is undefined.”²⁶

Indeed, the only way to ensure a coordinated EU development strategy in Afghanistan would be for the European Council, the combined heads of state and government of the member nations, to agree to a consolidated strategy. Considering the past history of the European Union’s heads of state and government balking at the erosion of their national sovereignty, this would be a difficult undertaking. Only a coherent strategy grounded in experience and reason might move the European Council to endorse a shift to a supranational EU development strategy in Afghanistan, which would have a chance to succeed.

E. METHODS AND SOURCES

This thesis relies on a qualitative analysis of primary and secondary sources. Key primary sources include the EC Country Strategy Paper for Afghanistan, the EU-Afghanistan Joint Declaration, the Afghanistan National Development Strategy, and other documents relevant to the activities of the European Union in support of its development strategies in Afghanistan. Various assessments and reports are considered in order to reach informed judgments about the effectiveness of the EU’s current development strategy in Afghanistan. Published articles and official sources are used to describe and analyze the “Nangarhar Inc” and “super envoy” case studies. This thesis relies on a case study approach consistent with the methods outlined by Alexander George and Andrew Bennett in *Case Studies and Theory Development in the Social Sciences*.²⁷ For the “super envoy” case study, examples of development coordination challenges are examined to determine whether a “super envoy” could successfully address these issues. Chapter IV examines the imbalance between EU donor short-term

²⁵ Nima Abbaszadeh et al., *Provincial Reconstruction Teams: Lessons and Recommendations*, Workshop Proceedings, Princeton, January 2008.
http://www.princeton.edu/research/pwreports_f07/www591b.pdf (accessed August 8, 2009). 4.

²⁶ Ibid., 14.

²⁷ Alexander George and Andrew Bennett, *Case Studies and Theory Development in the Social Sciences*, Cambridge, Massachussets: The MIT Press, 2005.

and long-term projects, as well as the disconnect between the ANDS and the PDPs. An analysis of the “Nangarhar Inc” case study provides a practical template and theoretical basis for regional strategies that could bridge the ANDS/PDP gap, while correcting the existing imbalance in the EU donor strategies.

F. THESIS OVERVIEW

This thesis is organized as follows. Following the introductory chapter, the analytical framework is established in Chapter II. This framework includes the Afghan National Development Strategy, as well as pertinent European Union development organizations and their stated objectives. Chapter III examines EU strategy and coordination challenges. It includes an analysis of two “super envoy” approaches that the EU could implement in order to make its development strategy in Afghanistan more effective. Chapter IV analyzes the “Nangarhar Inc” case study to determine how the EU could effectively use regional development strategies to generate sustainable economic growth in Afghanistan. Chapter V offers conclusions and recommendations.

II. ANALYTICAL FRAMEWORK



Figure 1. Map of Afghanistan²⁸

A. INTRODUCTION

The reconstruction and development environment in Afghanistan is extremely complex. At least 49 nations are engaged in donor activities in Afghanistan on various scales, as well as numerous international organizations and hundreds of non-governmental organizations (NGOs).²⁹ The spectrum of development activities pursued by these actors is impressively diverse, adding to the complexity of the environment.

²⁸ United Nations, *United Nations Cartographic Section – Afghanistan*, <http://www.un.org/Depts/Cartographic/map/profile/afghanis.pdf> (accessed December 6, 2009).

²⁹ Islamic Republic of Afghanistan, *Development Assistance Database Afghanistan*, Donor Profiles. <http://dadafghanistan.gov.af/> (accessed December 6, 2009); United States International Grantmaking Council on Foundations, *Country Information, Afghanistan*, June 2009. <http://www.usig.org/countryinfo/afghanistan.asp> (accessed November 20, 2009). This website lists the current number of registered NGOs in Afghanistan at 1,756, while some estimates put the number at over 2,000.

Further, all of these actors in Afghanistan are pursuing disparate development strategies. The Afghanistan National Development Strategy (ANDS), published in 2008, is the Afghan-created development plan. Yet, although most actors involved in development in Afghanistan ostensibly support this plan, their activities typically diverge according to their internal mandates.

There are also challenges associated with donors simply following the tenets of the ANDS. The mechanisms designed to implement the ANDS do not, in general, support regional development plans that leverage resources across boundaries within Afghanistan. In addition, there are few effective methods of holistically coordinating donor strategies and plans. The UN-mandated agency for coordinating donor activities, the United Nations Assistance Mission in Afghanistan (UNAMA), suffers from a lack of support by donor agencies—a phenomenon that is examined in Chapter III. The high number of actors with disparate strategies and mandates, combined with a lack of effectiveness in donor coordination, results in reduced aid impact, project duplication, and project overlap.

The European Union (EU) is no stranger to these challenges. Although the EU possesses supranational characteristics, it has been unsuccessful in creating a unified development strategy in Afghanistan that could synchronize EU donor activities in a manner that the member states of the EU might support. This was emphasized by the Council of the European Union in its March 16, 2009 statement that “the Council recognizes the importance of increasing the EU’s coherence and visibility including by working towards a single EU representation.”³⁰ However, no plan has yet emerged to overcome this “lack of unity” challenge.

This chapter examines the donor and development framework in Afghanistan in order to facilitate the analysis of two possibilities for the European Union to improve its development strategy—namely those of improving EU donor coordination, as well as

³⁰ ReliefWeb, *Council Conclusions of Afghanistan – 2932nd General Affairs Council Meeting*, March 16, 2009. <http://www.reliefweb.int/rw/rwb.nsf/db900SID/FJTC-7Q7H67?OpenDocument> (accessed December 8, 2009).

adopting regional development strategies that leverage potential economic value chains and complement the Afghanistan National Development Strategy.³¹

B. AFGHANISTAN

1. Development Framework in Afghanistan

a. International Organizations

Numerous international organizations (IOs) are engaged in development activities in Afghanistan. These include the Aga Khan Development Network (AKDN), the Asian Development Bank, the European Union, the International Committee of the Red Cross (ICRC), the United Nations, and the World Bank (WB), among others.³² However, while it is, in a sense, only one of the numerous United Nations programs in Afghanistan, UNAMA plays a special role. UNAMA's mission, as the lead United Nations mandated agency in Afghanistan, is to "promote peace, stability and progress in Afghanistan by leading the efforts of the international community."³³ In addition to "development and humanitarian" activities, UNAMA is also engaged in "political affairs." These comprise UNAMA's dual areas of emphasis in Afghanistan.³⁴ Theoretically, UNAMA, led by the Special Representative to the United Nations Secretary General (SR-SG) for Afghanistan, is the agency designed to coordinate international civilian efforts in Afghanistan. In practice, however, the implementation of this concept has proved problematic. This issue is discussed in Chapter III.

³¹ "Regional strategy" is a term often used by nations active in this area of the world to refer to strategies that cross international boundaries. While strategies with international implications are relevant to portions of Chapter IV, in the context of this thesis, "regional strategies" will refer to geographically broad strategies that cross provincial boundaries *within* the international boundaries of Afghanistan. Here, a "value chain" describes a collection of natural or other resources within a certain geographic area, which, if leveraged, will result in a combined economic or social return on investment that could be equal to more than the sum of the parts.

³² Islamic Republic of Afghanistan, *Development Assistance Database*.

³³ United Nations, *United Nations Assistance Mission to Afghanistan*, <http://unama.unmissions.org/Default.aspx?tabid=1748> (accessed November 20, 2009). Q3.

³⁴ United Nations, *United Nations Assistance Mission to Afghanistan*, Q9.

The International Security Assistance Force (ISAF), led by the North Atlantic Treaty Organization (NATO), is also mandated by the United Nations. Its efforts in development are overshadowed by its primary role in the security line of effort. Yet, the Provincial Reconstruction Teams (PRTs) that fall within the structure of ISAF have a role to play in development activities in Afghanistan. It is noteworthy that ten of the twenty-six PRTs in Afghanistan are funded and led by EU nations.³⁵ Thus, a revision of the EU development strategy must also consider the interactions of specific EU member states with ISAF and possible explanations for their failure to coordinate.

b. The Government of Afghanistan

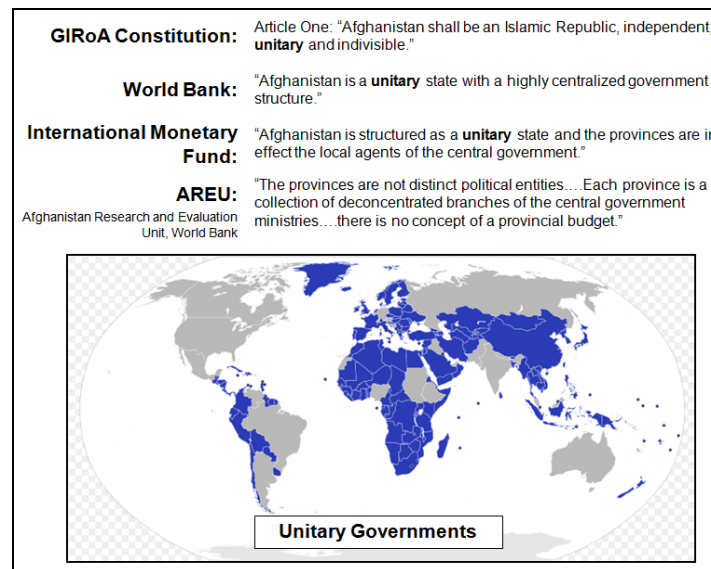


Figure 2. Unitary Structure of the Afghan Government³⁶

³⁵ ISAF, *Provincial Reconstruction Teams (PRTs)*, April 29, 2009. <http://www.nato.int/isaf/topics/prt/index.html> (accessed December 6, 2009).

³⁶ Afghanistan Research and Evaluation Unit, *A Guide to Government in Afghanistan*, http://www.areu.org.af/index.php?option=com_docman&Itemid=&task=doc_download&gid=250 (accessed December 6, 2009). 70, 94; International Monetary Fund, *Islamic State of Afghanistan—Letter of Intent, Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding*, March 24, 2004. <http://www.imf.org/External/NP/LOI/2004/afg/01/> (accessed December 6, 2009); Supreme Court of Afghanistan, *The Constitution of Afghanistan*, January 3, 2004. http://www.supremecourt.gov.af/PDFFiles/constitution2004_english.pdf (accessed December 6, 2009). Chapter 1, Article 1; World Bank, *Governance and Public Sector Management in South Asia*, 2009. <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/SOUTHASIAEXT/EXTSAREGTOPPRIS/ECDEV/0,contentMDK:20584869~menuPK:496677~pagePK:34004173~piPK:34003707~theSitePK:496671,00.html> (accessed December 6, 2009); Wikipedia, *Map of Unitary States*, http://en.wikipedia.org/wiki/File:Map_of_unitary_states.svg (accessed December 2009); after Mission Analysis Briefing, Forward Operating Base Fenty, July 3, 2008.

The Government of the Islamic Republic of Afghanistan (GIROA) is a centrally controlled unitary government (see Figure 2) with a series of ministries that manage government activities. These national ministries maintain offices at the provincial level to implement their programs, but the composition of the district governments does not mirror that of the provincial and national levels (see Figure 3).

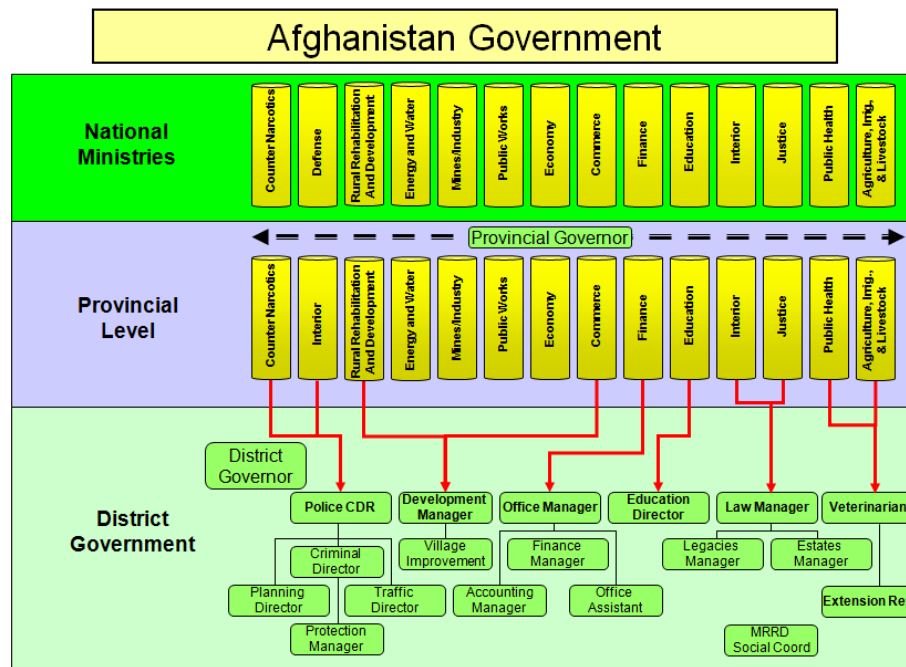


Figure 3. Afghanistan Government—Ministry-Based Services³⁷

There are 26 ministries within the GIROA,³⁸ but only five Afghan ministries participate in the Joint Coordination Monitoring Board (JCMB), the body led by UNAMA and the GIROA to coordinate donor activities in Afghanistan. These five ministries are the Ministry of Foreign Affairs (MoFA), the Ministry of Finance (MoF), the Ministry of Economy (MoEc), the Ministry of Education (MoE), and the Ministry of

³⁷ United States. Department of Defense, Nangarhar Inc Presentation, July 2008. Not all ministries are represented in this diagram. The district government shown is an example from within Nangarhar Province and is not representative of all districts in Afghanistan. There is no *tashkeel*, or authorization document, for a district government, as there is for the provincial level and above.

³⁸ Afghanistan Research and Evaluation Unit, "The A to Z Guide to Afghanistan Assistance, 7th Edition," 2009. http://www.areu.org.af/index.php?option=com_content&task=view&id=13&Itemid=17 (accessed March 2, 2010). 79.

Justice (MoJ).³⁹ The key ministries involved in donor and development activities include the Ministry of Finance, which manages the Afghan budget (including the portions that are generated from donor funds), and the Ministry of Rural Rehabilitation and Development (MRRD), which implements many of the GIRoA reconstruction and development plans within the ANDS framework.

Although the government of Afghanistan has complained that only a small percentage of international aid and donor funds is channeled through the GIRoA, this is due, in large part, to the fact that widespread corruption permeates the GIRoA.⁴⁰ A further factor is the GIRoA's lack of capability to effectively administer budgets and aid programs in many sectors. Corruption and lack of capacity in the GIRoA put UNAMA and aid donors in a difficult position. Many would like the GIRoA to determine and implement its own solutions—assisted by donor aid. The 2009 United Nations Report of the Secretary General on the Situation in Afghanistan took note of some recent progress in this area. According to this report, the Afghan government has become more effective at planning and executing its development strategies and programs.⁴¹ However, until

³⁹ Afghanistan Conflict Monitor, *Joint Coordination and Monitoring Board (JCMB) Terms of Reference*, <http://www.ands.gov.af/ands/jcmb/site/src/Information%20on%20JCMB/JCMB%20TOR%20-%20English.pdf> (accessed December 6, 2009). 2.

⁴⁰ Center for the Study of The Presidency, “Afghanistan Study Group Report: Revitalizing Our Efforts, Rethinking Our Strategies,” *Center for the Study of The Presidency and Congress*, http://www.thepresidency.org/Publications/Afghanistan_Study_Group_Report.php (accessed November 20, 2009). 5, 13, 28; European Commission, *EU Blue Book 2009: The EU and Afghanistan*, http://www.delafg.ec.europa.eu/en/downloadable_documents/EUBlueBookAfg_2009.pdf (accessed November 20, 2009). 38; NATO, “Afghanistan Report 2009,” (accessed November 30, 2009) http://www.nato.int/nato_static/assets/pdf/pdf_2009_03/20090331_090331_afghanistan_report_2009.pdf 5, 19, 21; United Nations, “Report of the Secretary General on the Situation in Afghanistan and its Implications for International Peace and Security,” *Afghanistan Conflict Monitor – Key Documents*, September 22, 2009. http://www.afghanconflictmonitor.org/UNSC_S2009475.pdf (accessed November 20, 2009). 2, 5–6, 17, 19; United Nations. United Nations Security Council Resolution 1868, March 23, 2009. 4–5, 7; United States. Department of Defense, “Progress toward Security and Stability in Afghanistan,” January 2009. http://www.defenselink.mil/pubs/pdfs/OCTOBER_1230_FINAL.pdf (accessed November 20, 2009). 10–11, 20–25, 33, 45, 50, 52, 54, 58.

⁴¹ United Nations, “Report of the Secretary General on the Situation in Afghanistan,” 10; see also Matt Waldman, “Falling Short: Aid Effectiveness in Afghanistan,” *ACBAR Advocacy Series*, March 2008. [http://www.acbar.org/ACBAR%20Publications/ACBAR%20Aid%20Effectiveness%20\(25%20Mar%202008\).pdf](http://www.acbar.org/ACBAR%20Publications/ACBAR%20Aid%20Effectiveness%20(25%20Mar%202008).pdf) (accessed January 14, 2010). 3. Waldman notes “an incremental increase in government capacity, for example, in the ministries of Finance and Education.”

corruption declines, and the Afghan government's capacity to effectively manage its own programs is established, donors will continue to be reluctant to channel funds through the GIRoA.

2. Documents Governing the EU Relationship with Afghanistan

a. Afghanistan National Development Strategy

Since the Bonn Conference in 2001, Afghanistan's development strategy has grown from infancy. With support from various international organizations in Afghanistan such as UNAMA, the World Bank, and the IMF, the GIRoA presented an Interim Afghanistan National Development Strategy (I-ANDS) to donors at the London Conference in 2006. The final Afghanistan National Development Strategy for the period 2008 to 2013, which was approved by the GIRoA in 2008, serves as the overarching Afghan development plan as well as the country's Poverty Reduction Strategy Paper (PRSP). It is designed to achieve its overall visions, to meet the UN Millennium Development Goals, and to qualify for funding from the International Monetary Fund and the World Bank as a Heavily Indebted Poor Country (HIPC). The strategy within this comprehensive 266-page document encompasses three primary pillars: Security; Governance, Rule of Law, and Human Rights; and Economic and Social Development.⁴² Within these primary pillars are eight sector pillars, which represent a wide variety of economic and social development programs: Security, Good Governance, Infrastructure and Natural Resources, Education and Culture, Health and Nutrition, Agriculture and Rural Development, Social Protection (such as women's rights), and Economic Governance.⁴³ Each of these sector pillars contains multiple sub-pillars, or subsections of emphasis (see Figure 4), making the ANDS a comprehensive but complicated development strategy.

⁴² Islamic Republic of Afghanistan, "Afghanistan National Development Strategy 1387–1391 (2008–2013) A Strategy for Security, Governance, Economic Growth and Poverty Reduction," *ANDS Documents*. 2008. http://www.ands.gov.af/ands/ands_docs/index.asp (accessed November 30, 2009). i, 5, 6.

⁴³ *Ibid.*, 18.

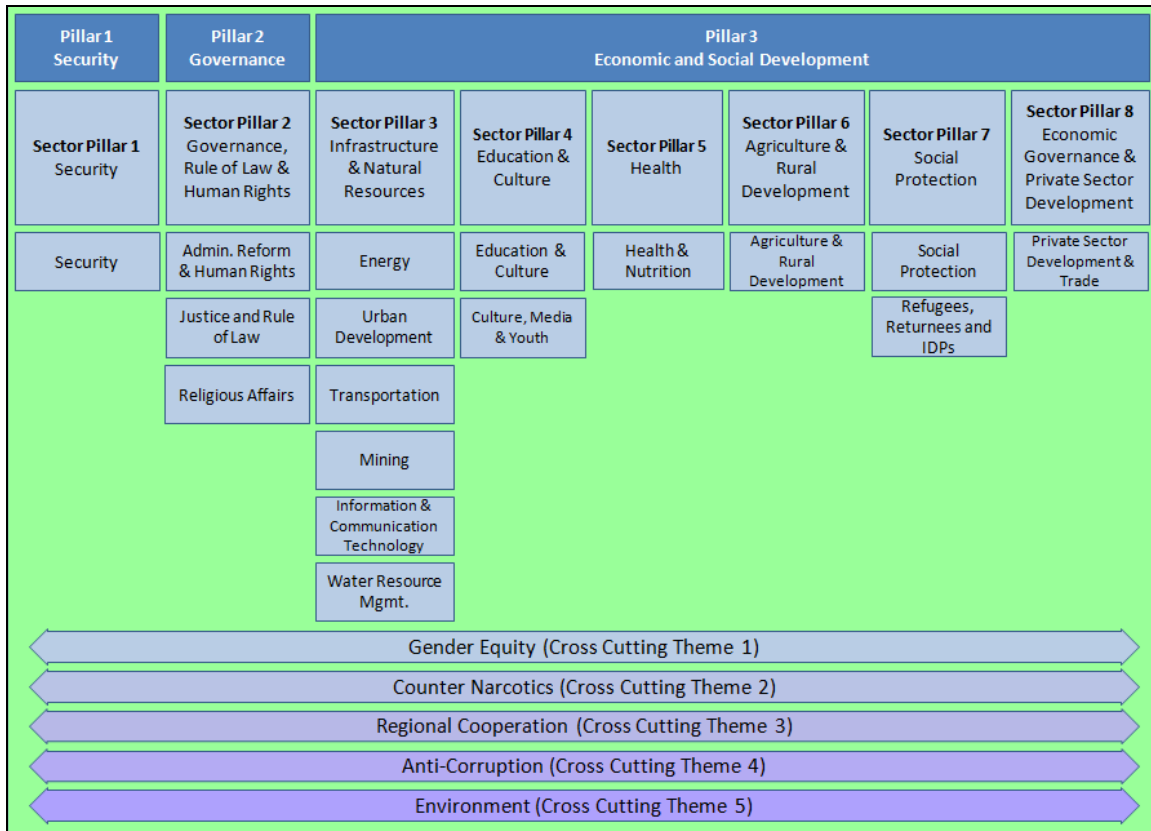


Figure 4. ANDS Pillar Structure⁴⁴

The ANDS contains elements of a top-down development strategy, in that it is a holistic development strategy with long-term national goals. Yet its authors also considered input from bottom-up, sub-national consultations during its creation. This is in keeping with the recommendation by the Organization for Economic Co-operation and Development (OECD) that development strategies in poor countries maintain a “judicious balance between top-down and bottom-up approaches.”⁴⁵ Regardless of its efficacy, donors view it as a critical document because it represents the “Afghan

⁴⁴ After Hamish Nixon, “Aiding the State? International Assistance and the Statebuilding Paradox in Afghanistan,” *Afghanistan Research and Evaluation Unit*. April 2007. http://www.areu.org.af/index.php?option=com_docman&task=doc_view&gid=487 (accessed February 14, 2010). 12; after International Monetary Fund, “Islamic Republic of Afghanistan: Afghanistan National Development Strategy: First Annual Report (2008/09),” November 2009. (accessed December 2, 2009). <http://www.imf.org/external/pubs/ft/scr/2009/cr09319.pdf> 15. The figure lists the three primary pillars (or goals), the eight sector pillars, 17 sub-pillars, and the five cross-cutting themes at the bottom.

⁴⁵ Organisation for Economic Co-Operation and Development, “The DAC Guidelines: Strategies for Sustainable Development,” 2001. <http://www.oecd.org/dataoecd/34/10/2669958.pdf> (accessed November 30, 2009). 41.

solution.” This concept helps to explain why there is a consensus among donor countries and organizations (including EU donors) that the tenets of the ANDS must be supported when considering donor strategies.⁴⁶ This idea has shaped the development strategies of many donors in Afghanistan.

The ANDS incorporates Provincial Development Plans (PDPs) and District Development Plans (DDPs) as devices to achieve its overarching strategic vision. To assist in the formulation of these plans, the ANDS utilized a series of national and sub-national consultations in 2007. Each of the 16,753 Community Development Councils (CDCs) in Afghanistan submitted project “wish lists” to the 345 District Development Assemblies (DDAs) in Afghanistan. These are bodies established at the district level that consolidate projects into the DDPs.⁴⁷

The projects sent to the DDAs primarily concerned poverty reduction and the needs of communities (flood control projects, canals, etc).⁴⁸ The DDAs identified the top projects in each of the eight sectors of the ANDS to create the DDPs. From these plans, the top ten projects in each sector were identified and prioritized to create the foundation for the 34 Provincial Development Plans.

⁴⁶ European Commission, “EU Blue Book 2009,” 23; European Commission, “Country Strategy Paper: Islamic Republic of Afghanistan 2007–2013,” *Europa – External Relations*. http://ec.europa.eu/external_relations/afghanistan/csp/07_13_en.pdf (accessed July 28, 2009). 3–4, 18–19; European Commission, *Multiannual Indicative Programme 2007–2010*, http://ec.europa.eu/external_relations/afghanistan/csp/mip_07_13_en.pdf (accessed December 6, 2009). 3–4; European Commission, “State of Play: July 2009,” *Europeaid*. http://ec.europa.eu/europeaid/where/asia/documents/afgh_state_of_play_july_09.pdf (accessed December 6, 2009). 2; United Kingdom. House of Commons, *International Development Committee – Fourth Report*, February 14, 2008. <http://www.publications.parliament.uk/pa/cm200708/cmselect/cmintdev/65/6508.htm#a14> (accessed November 20, 2009). 7; United States. Department of Defense, “Security and Stability in Afghanistan,” 12.

⁴⁷ Islamic Republic of Afghanistan, “The Provincial Development Plan of Province Nangarhar,” August 5–15, 2007. 9–10, cited in David Spencer, “Afghanistan’s Nangarhar Inc,” *Military Review* 89, no. 4 (July–August 2009): 34. Portions of this chapter are based on this work by the author. See also, Sayed Mohammed Shah, “Afghanistan National Development Strategy (ANDS) Formulation Process: Influencing Factors and Challenges,” *Afghanistan Research and Evaluation Unit*. February 2009. http://www.arei.org.af/index.php?option=com_docman&Itemid=26&task=doc_download&gid=632. (accessed February 24, 2010). 19, for a description of how the PDP formulation generated wish lists, although this was a result that had specifically been identified as undesirable prior to the start of the PDP consultations. The EC’s January 2010 “State of Play” notes that the number of participating CDCs is 22,104 as of 19 March 2009. European Commission, “Afghanistan: State of Play January 2010,” *Europa*. http://ec.europa.eu/europeaid/where/asia/documents/state_of_play_afg_2010-jan.pdf (accessed February 25, 2010). 5.

⁴⁸ Islamic Republic of Afghanistan, “Provincial Development Plan of Nangarhar,” 39–44.

In principle, a prioritized list of 80 projects by province should be useful for donors to identify potential reconstruction and development projects. Yet, this method, which identifies the most pressing needs of the people at the local level, presents challenges in the development environment. First, it is not clear how ministerial strategies at the national level impact the PDPs in a meaningful way. Second, the PDPs assert that national development strategies were taken into account, but go on to note that the provinces had begun the construction of the PDPs before the launch of the sub-national consultations and the formulation of the ANDS. As a result, “the PDPs were not aligned with the Afghanistan National Development Strategy (ANDS) and the process was not linked to national level development planning processes.”⁴⁹ This defines the critical challenge with the ANDS. In essence, the PDPs and DDPs consist of project wish lists generated by communities that did not possess a regional or national view of the development problem. To expect these lists of local poverty reduction projects to achieve the goals of a holistic, comprehensive, and long-term national strategy is unrealistic. This issue is central to an analysis of the challenges faced by donor agencies that simply follow the ANDS because it is the “Afghan solution.”

b. International Agreements

Although there were multiple international conferences on Afghanistan following the Bonn Conference in 2001 (see Figure 5), the 2006 London Conference was exceptionally important in that it marked the launch of the Afghanistan Compact, an agreement designed to synchronize donor activities and programs in Afghanistan for the following five years, with an expiry date of 2010. According to the Delegation of the European Commission to Afghanistan, “The Afghanistan Compact...sets out mutual commitments, [and] detailed benchmarks and timelines across four crucial areas: (1) security; (2) governance, rule of law and human rights; (3) economic and social

⁴⁹ Islamic Republic of Afghanistan, “Kunar Province Provincial Development Plan,” August 5–16, 2007. 7–8; Islamic Republic of Afghanistan, “Provincial Development Plan of Nangarhar,” 10; see also Shah, “Formulation Process,” 17–18. Shah notes that this process was rushed; only four months were given to complete the entire PDP consultation process due to a self-imposed GIRoA timeline.

development; and (4) counter-narcotics.”⁵⁰ The Afghan Compact, along with the I-ANDS, served as a guide to EU donors. The Compact did not significantly improve EU donor coordination, but rather provided a focus for EU donors to channel bilateral aid into certain areas.

<p>22 Dec. 2001: Bonn Conference Afghans met under UN auspices to decide on a plan for governing the country; the Afghan Interim Authority was inaugurated with a six-month mandate to be followed by a two-year Transitional Authority (TA), after which elections were to be held.</p>	<p>21-22 Jan. 2002: Tokyo Conference Japan, the United States, the European Union and Saudi Arabia co-hosted a ministerial conference to discuss aid to Afghanistan, where infrastructure has been almost totally destroyed by war. Donors pledged €3 billion.*</p>	<p>1 Apr. 2004: Berlin Conference Representatives from 65 nations and international organizations met in Berlin to pledge their support for the reconstruction of Afghanistan. At the donors' conference, Afghanistan received more than €5.33 billion in pledges.</p>
<p>1 Feb. 2006: London Conference The Government of Afghanistan (GoA) and the international community signed a political agreement, the <i>Afghanistan Compact</i>, defining the principles of their cooperation for the next five years. The interim Afghanistan National Development Strategy (i-ANDS) was endorsed together with the Afghanistan Compact.</p>	<p>21 Apr. 2008: Bonn Conference The Government of Afghanistan approved the Afghanistan National Development Strategy (ANDS), which will serve as the country's Poverty Reduction Strategy Paper (PRSP).</p>	<p>12 Jun. 2008: Paris Conference Afghans met under UN auspices to decide on a plan for governing the country; the Afghan Interim Authority was inaugurated with a six-month mandate to be followed by a two-year Transitional Authority (TA), after which elections were to be held.</p>
<p>28 Jan. 2010: London Conference Representatives from more than 70 nations and international organizations met and discussed security transition to the GIROA, increases in the Afghan Army, international forces, and international civilian assistance. The attendees agreed that better coordinated development assistance was needed.</p>		

Figure 5. Key International Development Conferences for Afghanistan⁵¹

c. UN Security Council Resolutions

The preponderance of international intervention and activity in Afghanistan falls under the scope of United Nations Security Council Resolution (UNSCR) 1386 (2001), authorizing the creation of the International Security Assistance

⁵⁰ Delegation of the European Commission to Afghanistan, “Commissioner Ferrero-Waldner at the International Conference on Afghanistan: providing new impetus to EU's long-term commitment,” http://www.delafg.ec.europa.eu/en/downloadable_documents/Nov_2008/Press_Release/PR_30mar09.pdf (accessed December 2, 2009). 2.

⁵¹ After European Commission, “Afghanistan: State of Play January 2009,” http://ec.europa.eu/europeaid/where/asia/documents/afgh_state_of_play_january_09_en.pdf (accessed October 18, 2009). 1; European Commission, “State of Play: July 2009,” 2–3; United Kingdom. Foreign and Commonwealth Office, *Outcomes from Afghanistan: The London Conference*, 2010. <http://afghanistan.hmg.gov.uk/en/conference/outcomes/> (accessed February 19, 2010). In the table, \$1=€1. Not covered are the July 2006 Tokyo Conference, the July 2007 Rome Conference, and The Hague Conference in March 2009.

Force (ISAF)⁵² under which the Provincial Reconstruction Teams operate, and UNSCR 1401 (2002), providing for the creation of the United Nations Assistance Mission in Afghanistan.⁵³ UNAMA's mandate has been renewed annually since 2002, and it was extended through March 23, 2010 by UNSCR 1868 (2009).⁵⁴

d. EU Documents

The European Union has a number of documents that provide a framework for overall EU civil activities in Afghanistan: the 2003 European Security Strategy; the 2005 EU-Afghanistan Joint Agreement; the updated European Commission Country Strategy Paper (CSP) for Afghanistan, published in 2007; the Multi-annual Indicative Program (MIP), which covers the years 2007–2010, and various other documents.

(1) European Security Strategy: Providing the Context. Published in 2003, the European Security Strategy (ESS) provides a foundation for the European Union's intervention in Afghanistan. The collapse of the state of Afghanistan under the "bad governance" of the Taliban is specifically noted in support of the EU's desire to promote good governance in strategic regions. Another rationale for the EU's engagement in Afghanistan is concern over the influx of drugs into the European Union. This concern is highlighted by the statement in the ESS that "90% of the heroin in Europe comes from poppies grown in Afghanistan."⁵⁵ The 2008 Report on the Implementation of the European Security Strategy further highlighted the relevance of Afghanistan to the EU's security concerns, noting the ongoing efforts of the EU in governance and development in Afghanistan.⁵⁶

⁵² United Nations. United Nations Security Council Resolution 1386, 20 December 2001, 2.

⁵³ United Nations. United Nations Security Council Resolution 1401, 28 March 2002, 2.

⁵⁴ United Nations. United Nations Security Council Resolution 1868, 23 March 2009, 4.

⁵⁵ Council of the European Union, "A Secure Europe in a Better World – The European Security Strategy," *Consilium – European Security Strategy*. December 12, 2003. <http://www.consilium.europa.eu/showPage.aspx?id=266&lang=en> (accessed March 2, 2010). 4, 5.

⁵⁶ Council of the European Union, "Report on the Implementation of the European Security Strategy – Providing Security in a Changing World," *Consilium – European Security Strategy*. December 12, 2008. <http://www.consilium.europa.eu/showPage.aspx?id=266&lang=en> (accessed March 2, 2010). 7.

(2) EU-Afghanistan Joint Agreement: Defining the Relationship.

On November 16, 2005, the Council of the European Union published an EU-Afghanistan Joint Declaration detailing the plan for cooperation by these two actors in the coming years. The agreement, while considering the EU as a whole, also notes the contributions by the EU member states in Afghanistan but stops short of assigning specific tasks.⁵⁷ This seven-page document builds upon the international conferences dedicated to Afghanistan since 2001 (see Figure 5). The agreement states that the Afghans will continue to pursue various programs that the EU views as important (see Figure 6).⁵⁸

According to the agreement, the European Union has agreed to provide assistance in various fields, including technical assistance for economic cooperation, police forces, the justice sector, counter narcotics, poverty reduction, the Afghanistan Millennium Development Goals, human rights, civil society, education and culture, and refugee return. The agreement also establishes a formal political dialogue with annual meetings between the key leaders of the two actors.⁵⁹

⁵⁷ Council of the European Union, *EU-Afghanistan Joint Declaration: Committing to a New EU-Afghan Partnership* Strasbourg, European Union: External Relations. November 16, 2005. <http://register.consilium.europa.eu/pdf/en/05/st14/st14519.en05.pdf> (accessed December 2, 2009). 2.

⁵⁸ Council of the European Union, *EU-Afghanistan Joint Declaration*, 2.

⁵⁹ *Ibid.*, 3–7.

“The Government of the Islamic Republic of Afghanistan and the European Union hereby agree to form a new partnership.”



Figure 6. Key Points in the 2005 EU-Afghanistan Joint Declaration⁶⁰

Although the EU-Afghanistan Joint Declaration is largely symbolic in nature (in that it merely reaffirms many of the tenets established in the Afghanistan Compact), it is important in that it initiates a formal relationship between these two actors, with an identified set of agreements to shape their relationship in the future. An interesting characteristic of the EU-Afghanistan Joint Declaration is that it defines an extremely broad scope of possible EU engagement. This broad scope may have been necessary in the early years of the first CSP, but the EU has opportunities to leverage focused, large-scale projects that could achieve great effects in the current, more mature, development environment in Afghanistan.

(3) Country Strategy Paper for Afghanistan: Outlining the Strategy. The Country Strategy Paper for Afghanistan is a document published by the European Commission that outlines the overall EU development strategy in Afghanistan. The first CSP for Afghanistan was published in 2003 and provided an EU strategy for the period 2003–2006. It focused on reconstituting and rebuilding the infrastructure required

⁶⁰ Council of the European Union, “EU-Afghanistan Joint Declaration,” 1–7.

to provide basic services to Afghans, as well as supporting the establishment of the fledgling GIRoA.⁶¹ Published in 2007, the current CSP encompasses the following six years (until 2013), and addresses mid to long-term needs in Afghanistan with the goal of assisting the GIRoA to become more self-sufficient.⁶² The CSP has its foundations in “Article 177 of the Treaty of the European Union,” which promotes poverty reduction and “sustainable economic and social development” in developing countries.⁶³ The CSP also takes note of the “2001 Communication *Europe and Asia* (Commission Communication COM(2001)469 ‘Europe and Asia: A Strategic Framework for enhanced partnerships’),” which defines broad parameters for EU engagement in Asia, including development goals similar to those outlined in the Treaty of the European Union.⁶⁴

Because of the extensive needs of Afghan society, the European Commission engaged in a wide range of sectors and projects during the initial phases of the 2003–2006 CSP.⁶⁵ The current CSP provides a more focused framework for EU development in Afghanistan in that it identifies the efforts by other non-EU key donors in Afghanistan, and their areas of emphasis, as well as the donor activities of the EU member states. This allows the EC to focus and prioritize its development strategy, while accounting for the other ongoing donor efforts and “ensuring it supports those sectors where the EC has a clear value added and where there is a lack of other major donors.”⁶⁶ Finally, the CSP synthesizes the EU’s relevant core documents, the capabilities of the EC, the Millennium Development Goals, and the ANDS into a development strategy for the European Union. Although the CSP was prepared while the interim ANDS was still in draft form, the EC drew its CSP priorities from the drafters of the ANDS to ensure that the two strategies would be dovetailed.⁶⁷

⁶¹ European Commission, “Country Strategy Paper,” 3.

⁶² Ibid.

⁶³ Europa, *Treaty on European Union*, <http://eurlex.europa.eu/en/treaties/dat/11992M/html/11992M.html#0001000001> (accessed December 6, 2009), cited in European Commission, “Country Strategy Paper,” 30. The CSP also refers to Article 130u in the Treaty on European Union.

⁶⁴ European Commission, “Country Strategy Paper,” 30.

⁶⁵ Ibid., 15.

⁶⁶ European Commission, “Country Strategy Paper,” 18.

⁶⁷ Ibid., 4, 19.

(4) Multi-annual Indicative Programme (MIP): Providing Resolution to the Development Strategy. According to the Delegation of the European Commission to Afghanistan, “The overall objective of the Multi-annual National Indicative Programme is to support the sustainable reduction of poverty in Afghanistan within the framework of the interim-Afghanistan National Development Strategy (i-ANDS).”⁶⁸ However, the MIP is basically a focused plan for the implementation of the CSP in the years 2007–2010. The CSP outlines three focal and non-focal areas for the EC in Afghanistan: rural development, government, and health—and social protection, demining activities, and regional cooperation, respectively.⁶⁹ The MIP identifies how the EC will pursue those goals with the €700 million EU budget pledged for the period 2007–2010 for that purpose.⁷⁰ Because the current and follow-on MIP have three-year timespans, the Commission develops an “Annual Action Programme (AAP) for Afghanistan, with several sectoral actions/projects, in line with the MIP,” allowing the EC to further refine its plan in light of recent developments.⁷¹ A new MIP is scheduled for publication in 2010, based on a mid-term review of the CSP. This new MIP will include inputs from “local authorities and civil society as well as Member States and other key donors, and will be subject to the democratic scrutiny of the European Parliament.”⁷² The MIP updated areas of emphasis for the EC are not yet available, but the new MIP may benefit from more development opportunities for the EC in light of the October 27, 2009 statement of the EU Commissioner for External Relations, Benita Ferrero-Waldner, in that she proposed to “substantially increase the annual amount of Commission assistance for the next financial perspective 2011—2013.”⁷³

⁶⁸ Delegation of the European Union to Afghanistan, “EU and GoA agree on development plan worth €610 million,” http://www.delafg.ec.europa.eu/en/downloadable_documents/press_releases/PR-EU-GoA-sign-MoU_Eng.pdf (accessed December 2, 2009).

⁶⁹ European Commission, “Country Strategy Paper,” 19.

⁷⁰ Delegation of the European Union to Afghanistan, “Commissioner Ferrero-Waldner at the International Conference on Afghanistan: providing new impetus to EU’s long-term commitment,” http://www.delafg.ec.europa.eu/en/downloadable_documents/Nov_2008/Press_Release/PR_30mar09.pdf (accessed December 2, 2009). 1.

⁷¹ European Commission, “State of Play: July 2009,” 2.

⁷² European Commission, “EU Blue Book 2009,” 12.

⁷³ Europa Press Releases, *Strengthening EU Action in Afghanistan and Pakistan*, October 27, 2009. <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/1592> (accessed December 8, 2009).

(5) Other Documents: The Foundations of EU Development. The European Commission has cited a 2001 EC Communication titled *Europe and Asia: A Strategic Framework for Enhanced Partnerships*, which provides a “strategic framework” for EU activities in Asia. The European Security Strategy echoes many of the objectives within this document.⁷⁴ On December 18, 2006, the European Parliament and the Council of the European Union enacted Regulation 1905 “establishing a financing instrument for development cooperation.” The regulation established a Development Cooperation Instrument (DCI) to streamline EU development activities. It also outlined funding for countries identified by the Organisation for Economic Co-operation and Development’s (OECD) Development Assistance Committee (DAC). This regulation identified the Millennium Development Goals and the “European Consensus” as documents providing the context for EU development objectives. It listed “poverty reduction, [and] sustainable economic and social development” as key objectives within the regulation.⁷⁵ The European Consensus is a shared vision, approved on December 20, 2005, which declared that the EU’s “chief objective is to reduce poverty worldwide in the context of sustainable development.”⁷⁶ The EU’s agreement in this area is defined in the May 2001 EU agreement, “Strategy for Sustainable Development.”⁷⁷

⁷⁴ European Commission, “Europe and Asia: A Strategic Framework for Enhanced Partnerships,” *Europa*. http://ec.europa.eu/development/icenter/repository/strategy_asia_2001_en.pdf (accessed February 27, 2010). 3–4.

⁷⁵ Europa, “Financing instrument for development cooperation – DCI (2007–2013),” *Summaries of EU Legislation*. August 07, 2009. http://europa.eu/legislation_summaries/development/general_development_framework/114173_en.htm (accessed February 27, 2010). The regulation also identifies “smooth and gradual integration of developing countries into the world economy” as a key objective. The DCI provides the legal framework for the Regional Programming for Asia Regional Strategy 2007–2013. See European Commission, “Regional Programming for Asia Strategy Document 2007–2013,” *Europa*. http://ec.europa.eu/external_relations/asia/rsp/07_13_en.pdf (accessed February 27, 2010). 3.

⁷⁶ Europa, “The European Consensus on Development,” *Summaries of EU Legislation*. November 28, 2007. http://europa.eu/legislation_summaries/development/general_development_framework/r12544_en.htm (accessed February 27, 2010).

⁷⁷ Europa, “Strategy for Sustainable Development,” *Summaries of EU Legislation*. March 28, 2008. http://europa.eu/legislation_summaries/development/sectoral_development_policies/128117_en.htm (accessed February 27, 2010). See also European Commission, “A European Union Strategy for Sustainable Development,” 2002. http://ec.europa.eu/sustainable/docs/strategy2001_en.pdf (accessed February 15, 2010).

There are some notable challenges with the key documents that provide a basis for EU development activities in Afghanistan. First, although the Council of the European Union has published numerous policy statements, it is clear that the Commission is the primary driver for supranational EU donor activity in Afghanistan. Second, the CSP and the MIP were written primarily by, as well as for, the European Commission. Although the member states of the EU were consulted throughout the drafting of these documents, and the EC clearly meant the documents to provide holistic development guidance for overall EU activities, there are no binding commitments for EU member states. In other words, nothing compels the member states to follow any portion of the CSP. In formulating the EC strategy, the authors of the CSP take into account the programs and areas of emphasis of the EU member states as well as other donor activities, but the EU member states do not define their plans in light of the EC's CSP. Additionally, although the EC has identified the pursuit of mid to long-term goals, as well as the goal of pursuing "sustainable development," in the 2007 CSP, the identified EC projects and activities did not reflect these themes. Finally, the CSP identifies specific geographic and sectoral areas on which to focus in Afghanistan, according to the ANDS, but it does not provide the framework necessary to pursue regional strategies in order to leverage economic value chains—a capability provided by the EC's relatively large donor budget. This challenge is examined further in Chapters III and IV.

C. EUROPEAN UNION

The European Union has a variety of compelling objectives that drive its intervention in Afghanistan. The International Crisis Group stated in 2005 that "The EU role in rebuilding Afghanistan is not about altruism,"⁷⁸ and, indeed, its key documents outline *Realpolitik* EU ambitions. Both domestically, and in keeping with its aspirations as a global player, the European Union has a number of security and economic concerns in Afghanistan. The EU's development objectives aim to support its broader goals of preventing state failure by promoting good governance, improving regional stability, and

⁷⁸ International Crisis Group, "Rebuilding the Afghan State: The European Union's Role (Asia Report N° 107)," November 30, 2005. http://www.cmi.no/pdf/?file=/afghanistan/doc/107_rebuilding_the_afghan_state_the_european_union_s_role.pdf (accessed March 11, 2010). i.

reducing the flow of illegal drugs into the European Union.⁷⁹ This interpretation is consistent with the statement from the Council of the European Union that “terrorism and militant extremism, illegal drugs, transnational crime and weapons of mass destruction” are current threats to the EU that originate in Afghanistan and Pakistan.⁸⁰ Another motive of EU member states, particularly those who are also members of NATO, has been to demonstrate solidarity with the United States.⁸¹ The core EU documents that outline EU engagement in Afghanistan clearly identify the importance of this region of the world to the EU. The following section examines the activities of the EU donors to determine their characteristics, scope, and efficacy. EU donor coordination is also analyzed in light of its importance in contributing to the stated objectives of the European Union in Afghanistan.

1. Scope of EU Development Involvement in Afghanistan

Currently, 25 of the 27 member states of the European Union are engaged in donor activities in Afghanistan. The only exceptions are Cyprus and Malta. In addition to the member states, the European Commission is actively engaged in various reconstruction and development programs in Afghanistan. In purely monetary terms, the institutions of the European Union have contributed one-fourth of the total EU donor aid to Afghanistan, with the remainder covered by the direct, bilateral aid of the EU member states.⁸² In this light, it is evident that the “European Union” (in the sense of the collective institutions, above all the Commission) is only able to influence a fraction of the total EU donor aid to Afghanistan. The European Union delegation at the United Nations states that “Between 2002 and 30 June 2009 the Commission's support to Afghanistan amounted to €1.65 billion including €282 million in humanitarian assistance. By the end of June 2009 the EC had disbursed €1.398 billion, i.e. a successful

⁷⁹ European Union, *European Security Strategy*, 4–5.

⁸⁰ Council of the European Union, *Strengthening EU Action in Afghanistan and Pakistan*, <http://register.consilium.europa.eu/pdf/en/09/st14/st14064.en09.pdf> (accessed December 6, 2009). 2.

⁸¹ Jo Coelmont, *End State Afghanistan: A European Perspective*, *Afghanistan Conflict Monitor*. November 13, 2009. <http://www.afghanconflictmonitor.org/2009/11/end-state-afghanistan-a-european-perspective.html> (accessed November 17, 2009). 3.

⁸² Council of the European Union. Council Secretariat, “EU Engagement in Afghanistan,” March 2009. http://www.consilium.europa.eu/uedocs/cmsUpload/090330-EU_engagement_Afghanistan.pdf (accessed December 6, 2009). 1; European Commission, “EU Blue Book 2009,” 8.

disbursement rate of 84.7%” of what had been planned for that period.⁸³ The EC and the EU member states combined have committed “around EUR 8 billion for the period 2002–2010,”⁸⁴ making the EU donors collectively the second largest aid contributor in Afghanistan.⁸⁵

Together with the European Commission, the funds provided by the United Kingdom and Germany account for 57% of total EU aid per year, and the next seven largest EU member nations account for another 36% of the EU aid to Afghanistan. These nations are the Netherlands, Italy, Denmark, Sweden, France, Finland, and Spain, in order of their relative contributions.⁸⁶ Besides the programs identified in the CSP, the MIP, and the AAPs, additional EU activities that impact Afghanistan include Asian EC programs such as “Aid for Uprooted People,” thematic programs such as “Food Security,” and other EU global or Asia-based programs.⁸⁷ The European Commission’s Humanitarian Office (ECHO) continues to provide humanitarian assistance in Afghanistan.⁸⁸ Many EU member states are also pursuing bilateral national aid programs in Afghanistan and elsewhere in Asia, suggesting that the lack of unity on the part of the EU donors in Afghanistan is representative of a larger problem in the coordination of overall EU foreign policy.

⁸³ European Union @ United Nations, *The EU in Afghanistan – Assistance and Support to the Democratic Process*, October 20, 2009. http://www.eu-un.europa.eu/articles/en/article_8947_en.htm (accessed December 4, 2009).

⁸⁴ Council of the European Union. Council Secretariat, “EU Engagement in Afghanistan,” 1.

⁸⁵ Eva Gross, “The EU in Afghanistan – Growing Engagement in Turbulent Times,” *Heinrich Böll Stiftung*. August 8, 2008. <http://www.boell.de/weltweit/asien/asien-4225.html> (accessed March 12, 2010). 1; Council of the European Union, “ESDP Newsletter #4,” *Institute for Security Studies*. July 2007. <http://www.iss.europa.eu/nc/actualites/actualite/article/afghanistan-bolstering-the-rule-of-law-br-bosnia-and-herzegovina-eu-for-in-transition-br-es/>. (accessed March 13, 2010). 10. This considers the combined donor funds of the European Commission as well as the member states of the EU.

⁸⁶ European Commission, “EU Blue Book 2009,” 5, 8.

⁸⁷ European Commission, *External Cooperation Programmes – Afghanistan*, November 9, 2009. http://ec.europa.eu/europeaid/where/asia/country-cooperation/afghanistan/afghanistan_en.htm (accessed December 4, 2009); European Commission, “Afghanistan: State of Play January 2010,” *Europa*. http://ec.europa.eu/europeaid/where/asia/documents/state_of_play_afg_2010-jan.pdf (accessed February 25, 2010). 1.

⁸⁸ European Commission, “State of Play January 2010,” 1.

Besides development agencies and NGOs, EU member states fund and lead ten of the PRTs active in Afghanistan. Although European Union development agencies operate throughout Afghanistan, and the EC is active in every province but one (Paktika), the ten EU-led PRTs operate primarily in RC-North, West, and South.⁸⁹ The Czech Republic, Germany, Hungary, Italy, Lithuania, the Netherlands, Spain, Sweden, and the UK all lead PRTs in the north, west and south of Afghanistan, with non-EU NATO countries Canada, Norway, Turkey, and the United States leading nearly all the remainder.⁹⁰

EU-led PRTs contribute to the lack of EU donor coordination in Afghanistan. According to a study prepared by three research institutes, “no attempt has been made to harmonise the activities of the PRTs in Afghanistan or those under the International Security Assistance Force (ISAF), beyond the overall common objectives of contributing to stability, security, and the effective outreach of government authority in the provinces concerned.”⁹¹ There is no standard structure for the PRTs, including those led by EU member states. There are only two loosely defined models: a UK model of about 100 personnel led by a civilian, with around 70 military personnel and 30 civilians on the team, and a German model of about 400 personnel co-led by a civilian and a military officer with only about 20 civilians. The UK model stresses local capacity building, whereas the German model emphasizes long-term sustainable development.⁹² However, even within these models, the lead nations determine which development activities they

⁸⁹ European Commission, “Country Strategy Paper,” 16; ISAF, *Provincial Reconstruction Teams (PRTs)*, April 29, 2009. <http://www.nato.int/isaf/topics/prt/index.html> (accessed December 6, 2009). NATO operates in five geographic sections of Afghanistan called Regional Commands (RC): RC-North, South, East, West, and Capital. Each Regional Command is led by an allied country.

⁹⁰ ISAF, *Provincial Reconstruction Teams*, Nine EU member states lead PRTs in Afghanistan, but a total of ten PRTs are led by EU states due to the fact that Germany leads PRTs in both Kunduz and Feyzabad provinces. The remaining PRT in Bamyan Province is led by New Zealand, a nation belonging to neither the EU nor NATO.

⁹¹ Chr. Michelsen Institute, Development Consulting and the German Association of Development Consultants, “Joint Evaluation: Humanitarian and Reconstruction Assistance to Afghanistan, 2001–05,” October 2005, cited in Daniel Korski, *Afghanistan: Europe's Forgotten War*, London. European Council on Foreign Relations, January 2008. 10.

⁹² Nima Abbaszadeh et al., *Provincial Reconstruction Teams: Lessons and Recommendations*, Princeton University Woodrow Wilson School of Public and International Affairs. January 2008. http://www.princeton.edu/research/pwreports_f07/www591b.pdf (accessed December 7, 2009) 5. A third U.S. model has about 80 personnel led by a military commander with 3–5 civilians who represent other U.S. government agencies such as the U.S. Department of Agriculture, the U.S. Agency for International Development, and the U.S. Department of State.

desire to support and fund. The fact that the PRTs led by EU member states fall under the NATO-led ISAF only highlights the need for the EU to define a unified development strategy in coordination with ISAF.

EUPOL Afghanistan is an EU mission with the purpose of “contribut[ing] to the establishment of sustainable and effective civil policing arrangements...under Afghan ownership.”⁹³ As of March 2009, 19 EU member states had contributed 225 international staff personnel in support of this rule of law sector mission.⁹⁴ Although this European Security and Defense Policy (ESDP) mission is not directly involved in reconstruction, it falls within the “Good Governance and Rule of Law” sector pillar of the ANDS, and is thus complementary to the EU development efforts in Afghanistan. Giji Gya and Olivier Jacquemet note, however, that the mission has suffered from lack of coordination within the EU, as well as between the EU and NATO—preventing the use of PRT assets to protect the mission since “leading countries of some PRTs argue that EUPOL does not fall under the Berlin Plus agreements.”⁹⁵ Judy Dempsey of the *New York Times* has reported further difficulties with the statement that the mission “is understaffed, lacks adequate security and transportation, and has yet to develop a uniform training program.”⁹⁶ Piotr Krawczyk, a member of the Polish Institute of International Affairs, has stated that “There is [a] complete lack of coordination between the E.U. institutions in Afghanistan and between the other big players, including the United Nations and NATO.”⁹⁷ Clearly, the European Union’s development challenges in Afghanistan extend to the EUPOL mission as well.

⁹³ European Union, “EU Police Mission in Afghanistan (EUPOL Afghanistan),” March 2009. <http://www.eupol-afg.eu/pdf/factsheet0309.pdf> (accessed December 3, 2009). 1.

⁹⁴ Ibid. The mission is also supported by Canada, Croatia, New Zealand, and Norway.

⁹⁵ Giji Gya and Olivier Jacquemet, “ESDP and EU Mission Update – June 2008,” *European Security Review*, July 2008: 6.

⁹⁶ Judy Dempsey, “Training of Afghan Police by Europe is Found Lacking,” *New York Times*, November 17, 2009. http://www.nytimes.com/2009/11/18/world/europe/18training.html?_r=1&emc=eta1 (accessed 3 December 2009).

⁹⁷ Dempsey, “Training of Afghan Police.”

2. Donor Fund Flow from the EU to Afghanistan

EU donor funds for Afghanistan reconstruction and development derive from two primary sources: the individual member states on a bilateral basis with Afghanistan, and the European Commission through the EU budget, to which EU member states contribute. The EU member states provide bilateral donor funds from their national budgets, and the allocations and priorities are determined in large part on a bilateral basis. The European Commission, in contrast, proposes the amount of supranational funds for allocation to Afghanistan based on its priorities, and the European Parliament and the European Council determine the final spending plan.⁹⁸ For the European Parliament (EP), budget approval remains the primary method of oversight for EU activities in Afghanistan.

The final amount determined annually for Afghanistan is applied to the priorities set forth in the European Commission's CSP and MIP. However, since those documents have a six and three-year scope respectively, the European Commission has "shifted from individual project proposals to strategic Annual Action Programmes (AAP) prepared in consultation with the Afghan government and stakeholders."⁹⁹ These Annual Action Programmes outline the detailed focus for the EU that annum and further define specific objectives, funding allocations, and plans for execution, within the defined sectors, from the most current information on the situation in Afghanistan. The EU has also pledged blocks of additional funding for specific spending requirements in Afghanistan, such as the €700 million allocated for the implementation of the MIP for the period 2007–2010, and an additional €60 million to support the national elections in Afghanistan in 2009.¹⁰⁰

⁹⁸ European Commission, *Financial Programming and Budget*, http://ec.europa.eu/budget/budget_glance/index_en.htm (accessed December 4, 2009).

⁹⁹ European Commission, "Annual Action Programme 2008," *European Commission External Cooperation Programme*. http://ec.europa.eu/europeaid/documents/aap/2008/ec_aap-2008_af_en.pdf (accessed December 4, 2009). 1; Vincent Morelli and Paul Belkin, *NATO in Afghanistan: A Test of the Transatlantic Alliance*, CRS Report for Congress, Congressional Research Service, 11 March 2009. 29.

¹⁰⁰ Delegation of the European Union to Afghanistan, "Commissioner Ferrero-Waldner at the International Conference on Afghanistan: Providing New Impetus to EU's Long-term Commitment," http://www.delafg.ec.europa.eu/en/downloadable_documents/Nov_2008/Press_Release/PR_30mar09.pdf (accessed December 2, 2009). 1.

Donor funds flow from the European Union to Afghanistan in a number of ways. Dividing the funding flow into two categories, funds originating from EU member states and funds from the supranational European Commission, is too simple a description to be accurate. The dynamics of the EU funding flows are complex.

a. EU Funding Flows

Ideally, EU donor funds would be channeled through organizations that fall under the purview of UNAMA and the Joint Coordination Monitoring Board (JCMB), the international body set up to accomplish this coordination. In principle, these actors have the ability to facilitate the coordination of donor projects and funds. However, the EC and EU member states have other options available to channel funds, including development agencies, NGOs, and private contractors that fall outside of the purview of UNAMA and the JCMB. Although theoretically the tenets of the ANDS should guide all EU donor activity in Afghanistan, in reality these various methods of channeling funds, combined with the disparate mandates and objectives of the EU donors, lead to project overlap, project duplication, and general aid ineffectiveness.

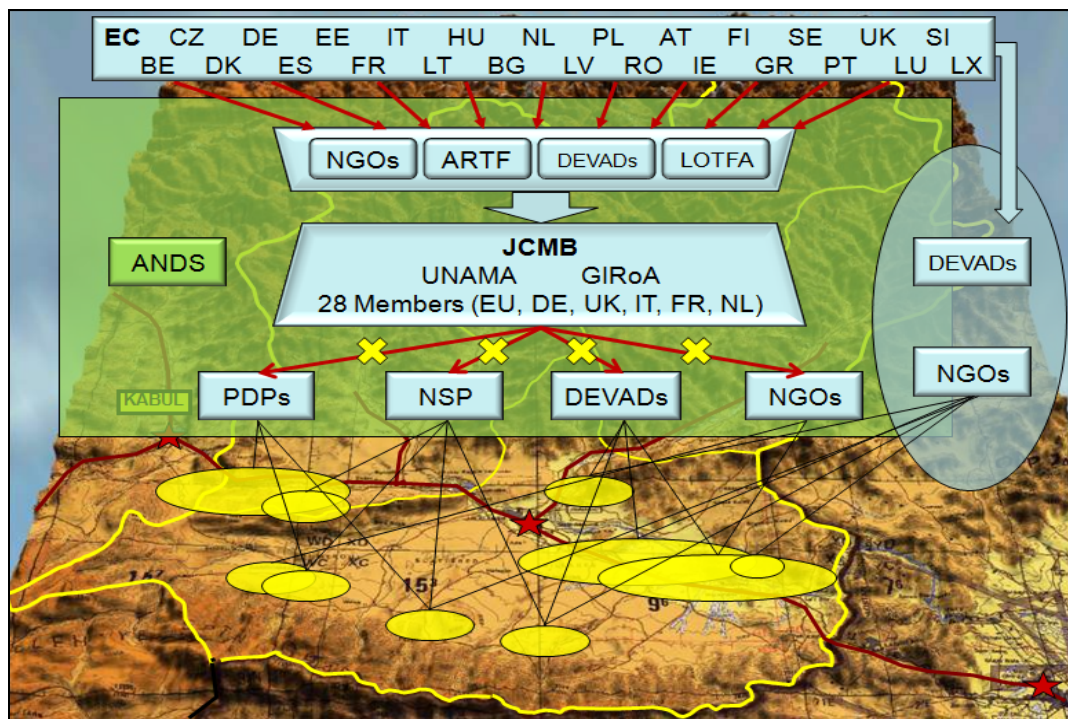


Figure 7. Donor Funding Flow from the EU to Afghanistan

b. European Commission

The Country Strategy Paper on Afghanistan describes the European Commission's funding mechanisms as follows:

To date, the European Commission has channeled funds through a number of means. It has directly funded private contractors and NGOs, as well as channeled funds through the framework of the National Development Budget, and through the multilateral trust funds established to support the government's recurrent budget and the National Priority Programmes. For the medium term, multilateral trust funds may continue to be a necessary vehicle for channeling substantial budgetary support.¹⁰¹

Multilateral trust funds are a common vehicle for EU donors to channel aid into Afghanistan, even though the ANDS identifies the Afghan central government as the preferred funding mechanism, with the goal of "75 % of aid to be channeled through the core budget."¹⁰² Examples of multilateral trust funds include the Afghanistan Reconstruction Trust Fund (ARTF), the Law and Order Trust Fund for Afghanistan (LOTFA), and the Counter Narcotics Trust Fund (CNTF), with the ARTF and LOTFA comprising 40% of the Afghan government's core budget in 2007–2008.¹⁰³ According to a 2009 European Union Council Secretariat Factsheet, the European Union is the largest contributor to the LOTFA fund, which supports the operational costs of the Afghan National Police force.¹⁰⁴ These trust funds tend to be a preferred vehicle for the EC and EU member states to distribute aid and development funds in Afghanistan due to the still fledgling capacity of the GIRoA to administer large budgets, as well as the corruption that continues to pervade the Afghan government.

¹⁰¹ European Commission, "Country Strategy Paper," 16.

¹⁰² Islamic Republic of Afghanistan, "Afghanistan National Development Strategy," 159; see also Rhoda Margesson, *United Nations Assistance Mission in Afghanistan: Background and Policy Issues*, CRS Report for Congress, Congressional Research Service, July 30, 2009. 5–6.

¹⁰³ European Commission, "State of Play January 2009," 4.

¹⁰⁴ Council of the European Union. Council Secretariat, "EU Engagement In Afghanistan," (accessed July 29, 2009). http://www.consilium.europa.eu/uedocs/cmsUpload/090330EU_engagement_Afghanistan.pdf 2.

c. EU Member States

A 2005 joint EU development agency evaluation on Afghanistan determined that the EU member states relied heavily on NGOs in the early years of intervention after the 2001 Bonn Conference. This was due primarily to the extensive experience in Afghanistan of the EU member state NGOs. The report stated, for example, that “Ireland chose to channel much of its aid through Irish NGOs, Sweden used the Swedish Afghanistan Committee as an important channel for aid provision and Denmark gave its NGOs significant support.”¹⁰⁵ In effect, the capabilities of these NGOs shaped EU reconstruction and development activities in the early years—for both the EC and EU member states. An additional effect of this phenomenon is that the EU was forced to engage in a large number of small-scale projects, in the initial phases, that were designed to alleviate the crushing poverty of the Afghans. However, although the development environment has matured in Afghanistan, the EU has not significantly adjusted its strategy to encompass the pursuit of potential value chains that could create significant effects in the mid- and long-term. While trying to consolidate funds between the EU member states for large-scale projects is problematic (although not impossible), the European Commission has the ability to address large-scale projects beyond the capability of many national donors, but to date has not done so in earnest. This topic is further examined in Chapter IV.

Currently, 25 EU member states are contributing donor funds for reconstruction and development in Afghanistan. The contributions range from an estimated annual high by the United Kingdom of €214.1 million to a low of €200,000 by Romania. The ANDS sectors that currently enjoy the most support by EU member states are Security; Agriculture and Rural Development; and Governance, Rule of Law and Human Rights. Unpreferred contributions to the ARTF account for an estimated

¹⁰⁵ Denmark. Ministry of Foreign Affairs of Denmark DANIDA, “Humanitarian and Reconstruction Assistance to Afghanistan 2001–2005: From Denmark, Ireland, the Netherlands, Sweden and the United Kingdom, A Joint Evaluation,” October 2005. http://www.um.dk/NR/rdonlyres/3821B509-6B3B-4EFC-97C4A89FC49C96D2/0/Afghanistan_mainreport.pdf (accessed November 20, 2009). 17.

annual €163.1 million, surpassing member state funding for all individual ANDS sectors, and highlighting the EU member state preference for this funding mechanism.¹⁰⁶

Figure 8 shows the geographical distribution of donor funds in 2001–2009 by the top six member state aid contributors to Afghanistan: Denmark, Germany, Italy, the Netherlands, Sweden, and the United Kingdom. This data shows that EU member states have been active in every province of Afghanistan. The geographic dispersion is due to a number of factors such as national priorities, security levels, locations of PRTs, areas of expertise of NGOs and contractors, and ANDS sector requirements, among others.

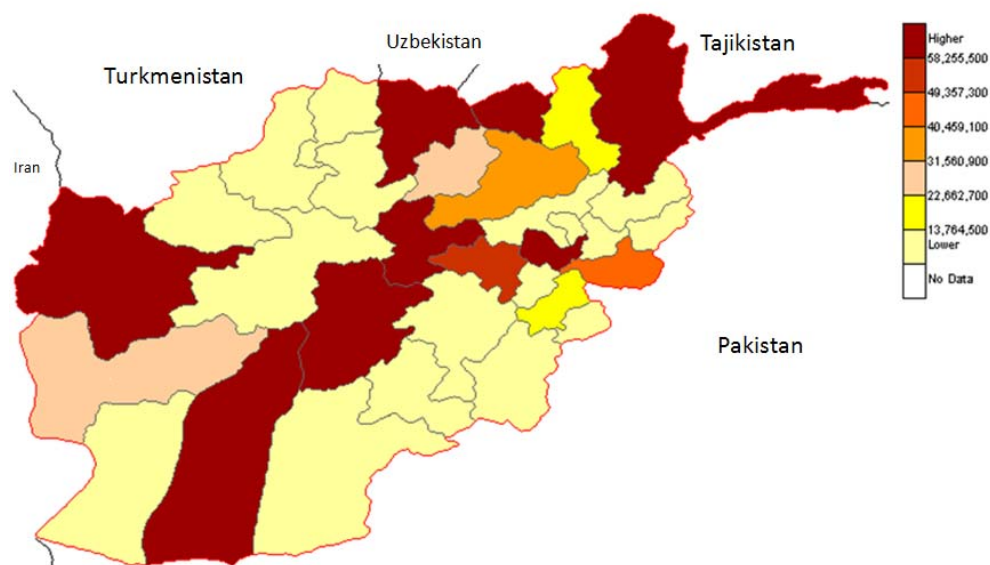


Figure 8. Geographic Distribution of Funds Committed (USD): Six Highest Contributing EU Member States. 2001–2009¹⁰⁷

As contributions to trust funds (such as the ARTF) and to NGOs tend to be used for short-term poverty reduction projects, an analysis of the EU member states' preference for these funding channels could provide an indication of the overall level of coordination between EU donors. As shown in Figure 9, five EU member states

¹⁰⁶ European Commission, "EU Blue Book 2009," 8.

¹⁰⁷ After Islamic Republic of Afghanistan, *Development Assistance Database – Afghanistan*, <http://dadafghanistan.gov.af/> (accessed January 24, 2010). The six donors are Denmark, Germany, Italy, the Netherlands, Sweden, and the United Kingdom.

contributed 45% of their donor funds through these channels. This implies that EU donors are unwilling to pursue a unified strategy that could harness the potential of large-scale projects.

The United Nations Agency Coordinating Body for Afghan Relief (ACBAR), provided figures for the contributions of five EU donor states from 2001–2004. A comparison of these figures with the total donor contributions in Afghanistan appears to confirm that there has been an EU member state preference for utilizing NGOs and trust funds, such as the ARTF, to implement development projects, as well as a widespread aversion to channeling funds through the GIRoA. This pattern was especially prominent in the early years of the intervention in Afghanistan (see Figure 9).

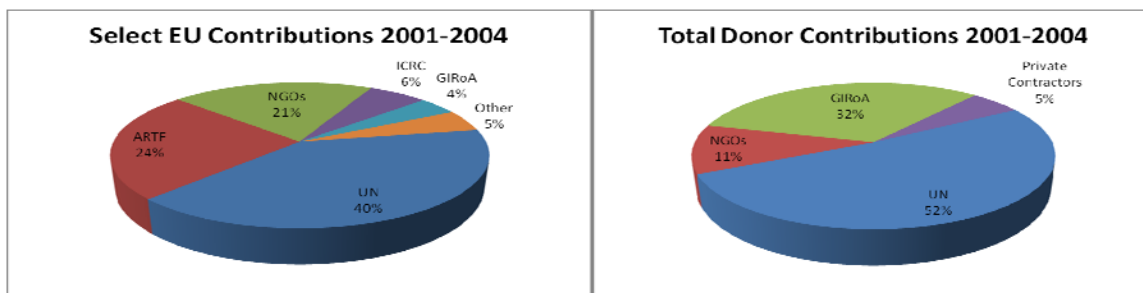


Figure 9. Comparison of Select EU Member State Donor Contributions to Total Donor Contributions in Afghanistan in 2001–2004¹⁰⁸

A December 2004 study entitled “Aid Flows to Afghanistan” provides a useful glimpse into the preferred funding mechanisms by five EU member state donors in the early years of the international intervention. The report shows a tendency toward channeling “unpreferred” funding through international organizations and trust funds, as opposed to EU donor coordination for focused projects (see Figure 10).

¹⁰⁸ Agency Coordinating Body of Afghan Relief (ACBAR), *Background Information: Breakdown of Aid Flows and NGO Accomplishments*, Kabul: Agency Coordinating Body of Afghan Relief, 2005, cited in Ministry of Foreign Affairs of Denmark, “Assistance to Afghanistan,” 137. The EU member states discussed in this report are Denmark, Ireland, the Netherlands, Sweden, and the UK.

<i>Agency</i>	<i>€million</i>	<i>% of total</i>	<i>Channel</i>
ARTF	202	26%	GoAF
UNHCR	82	10%	UN
UNDP	78	10%	UN
UNICEF	57	7%	UN
WFP	47	6%	UN
Govt of Afghanistan	34	4%	GoAF
ICRC	30	4%	RC
AF Stabilisation Programme	29	4%	GoAF
OCHA	27	3%	UN
Swedish Committee for AF	23	3%	NGO

Figure 10. Select EU Member State Disbursement Mechanisms, 2001–2004¹⁰⁹

This fact, together with the other indicators of preference (notably the reliance on NGOs), illustrates a general unwillingness of the EU donors to combine their donor efforts in a manner that could support large-scale projects with long-term benefits. As previously noted, positive experience with NGOs was a significant factor in the decision by EU member states to rely on NGOs for channeling funds in the early years of the intervention. However, a shift from this reliance, combined with a considered reallocation of trust fund contributions, could be one of the most important factors in allowing the EU donors to effectively contribute to sustainable development in Afghanistan in the mid to long-term.

Adding to the complexity of the EU donor environment, EU member states use different funding mechanisms to support their individual development programs. EU member states have not used a “standard” method to channel funds, as Figure 11 illustrates.

¹⁰⁹ John Cosgrave and Rie Andersen, *Aid Flows to Afghanistan: A Study of Aid Flows from Denmark, the UK, the Netherlands, Sweden, and Ireland to Afghanistan from January 2001 to June 2004 Inclusive*, <http://www.um.dk/NR/rdonlyres/B27A79AA-2B28-4414-A533-46D183CB5890/0/-/AidFlowsAfghanistanFinalReportV16020041201.pdf> (accessed December 4, 2009). 5. The figure lists the top ten grant recipients, comprising 77% of the total disbursements. In the figure, “GoAF” represents the “Government of Afghanistan,” whereas “RC” stands for the “Red Cross.”

	Denmark		Ireland		Netherlands		Sweden		UK	
1	UNHCR	15.2%	ARTF	19.7%	ARTF	42.5%	SCA	17.9%	ARTF	28.6%
2	DACAAR	9.9%	GoAI	9.2%	UNHCR	13.5%	UNHCR	16.2%	UNDP	17.1%
3	ARTF	9.8%	UNICEF	9.1%	OCHA	10.7%	UNICEF	15.6%	ASP	7.6%
4	DDG	7.1%	Concern	8.2%	UNICEF	7.8%	UNOPS	9.2%	GoAF	7.2%
5	MRRD	7.0%	Trócaire	7.3%	WFP	7.5%	ICRC	7.1%	UNHCR	6.1%
6	WFP	6.7%	WFP	7.0%	UNDP	4.9%	ARTF	6.6%	WFP	5.1%
7	MoF	5.7%	UNHCR	6.2%	ICRC	4.6%	WFP	5.5%	UNICEF	4.6%
8	UNICEF	5.0%	Christian Aid	4.2%	IOM	1.2%	GoAF	5.1%	ICRC	2.3%
9	ICRC	4.9%	ICRC	3.5%	BTHW	1.2%	OCHA	2.5%	WHO	2.1%
10	DAC	4.8%	HALO Trust	3.0%	SV	1.1%	AIAF	2.0%	IOM	2.0%
11	UNDP	3.5%	LOTFA	2.4%	HNI	0.9%	Forum Syd	1.9%	UNMAS	1.2%
12	DAARTT	2.8%	AIAF	2.4%	RC-NL	0.9%	IOM	1.4%	FAO	1.2%
		82.5%		82.2%		96.8%		91.1%		85.1%

Figure 11. Top 12 Fund Recipients for Five EU Member State Donors 2001–2005¹¹⁰

In the same vein, since the GIROA ministries have varying capacities to distribute funds and implement programs, the EU member states generally choose separate funding mechanisms for different ANDS sector pillars. For example, in 2001–2005, EU member state donors preferred UN agencies and NGOs in the education and health sectors and avoided the GIROA, while contributions to the National Solidarity Program (NSP), an internationally acclaimed GIROA grassroots reconstruction program, were made primarily through the Afghan central government and multilateral trust funds such as the ARTF.¹¹¹ These trends highlight the inability or unwillingness of the EU donors to coordinate their activities with each other.

d. Multilateral Funding Mechanisms

The Afghanistan Reconstruction Trust Fund (ARTF) serves as a pertinent example of multilateral funding mechanisms. On July 22, 2002, the ARTF replaced the Afghan Interim Authority Fund (AIAF). The ARTF is administered by the World Bank and is the “leading multi-donor funding mechanism” in Afghanistan. It provides funding

¹¹⁰ Cosgrave and Andersen, *Aid Flows to Afghanistan*, 39, cited in Ministry of Foreign Affairs of Denmark, “Assistance to Afghanistan,” 49. The member states represented include Denmark, the United Kingdom, the Netherlands, Sweden, and Ireland.

¹¹¹ Ministry of Foreign Affairs of Denmark, “Assistance to Afghanistan,” 101, 108, 112.

for the operation of the Afghan government, finances reconstruction and development projects, and funds a number of GIRoA programs such as the National Solidarity Program, National Rural Access Program (NRAP), and the Microfinance Program. Thirteen EU member states, as well as the European Commission, use the ARTF to channel funds to various development and reconstruction programs, or simply employ it as an unpreferred donor contribution vehicle.¹¹² According to Rhoda Margesson, “Recently, donors agreed to extend the ARTF until 2020. In part this reflects an ongoing commitment by donors to utilize the ARTF mechanism, and in part it is an acknowledgement of the development challenges that remain in Afghanistan.”¹¹³ This statement underscores the reason why donors continue to prefer the use of multilateral trust funds such as the ARTF instead of transferring funds directly to the GIRoA. However, “unpreferred” ARTF contributions represent a possible source for the EU donors to redirect funds toward larger-scale projects that are beyond the capabilities of smaller donors.

3. The Structure of the European Union: Effects on EU Donors in Afghanistan

a. The European Union’s Policy Challenges: Supranational Aspects

The European Union’s coordination challenges in Afghanistan are representative of its wider difficulties in the foreign policy arena. According to John McCormick, a professor of political science at Indiana Purdue University Purdue Indianapolis (IPUPI), the EU has been able to develop common strategies and positions for external challenges in the past (e.g., the Middle East and the Balkans), but this has not always ensured successful outcomes. He states that the EU’s disagreements on

¹¹² The World Bank, “ARTF Newsletter,” September 2009. http://siteresources.worldbank.org/INTAFGHANISTAN/Resources/ARTF_Final_newsletter_Sep09.pdf (accessed December 4, 2009). 4–5.

¹¹³ Margesson, *Background and Policy Issues*, 8.

international problems occur “in part from a lack of policy focus and leadership...and in part from policy differences among the governments of the member states.”¹¹⁴

The structure of the European Union itself provides some explanation. McCormick has noted that “for many years there was no one in the EU institutions who could act as an authoritative focal point for discussions with other countries.” Moreover, the twice yearly turnover in the presidency of the European Council contributed to a lack of focus in EU foreign policy.¹¹⁵ Andrew Glencross, a professor of international relations at the University of Pennsylvania, stated that “This rotating presidency not only meant an absence of longer-term coordination but also hampered the efficient representation of EU interests abroad.”¹¹⁶ It remains to be seen if the 2½-year appointment of the President of the European Council, as provided by the Lisbon Treaty, will address European Union policy coordination challenges.

The European Union has historically suffered from a lack of coordination among the EU institutions, notably in the area of foreign policy. There are a number of reasons for this. For example, although the European Council sets the policy direction for the EU, the Commission has represented the EU abroad—providing it significant influence over foreign policy decisions. According to Fiona Hayes-Renshaw, a professor at the College of Europe, Bruges, “The result of this fluidity and complexity is a tricky division of labor, necessitating constant liaison between the Commission, on the one hand, and the Council Secretariat and Presidency on the other.”¹¹⁷ This friction has been manifest in Afghanistan as well, causing Giji Gya and Olivier Jaquemet to reiterate the “*ad nauseum* critique of lack of coordination between” the European Commission and the European Council.¹¹⁸

¹¹⁴ John McCormick, *The European Union: Politics and Policies*, Boulder, CO: Westview Press, 2008. 337, 340.

¹¹⁵ McCormick, *The European Union*, 342.

¹¹⁶ Andrew Glencross, *The Grand Illusion Continues: What the Lisbon Treaty Means for the European Union and Its Global Role*, February 2010. <http://www.fpri.org/enotes/201002.glencross.grandillusion.html> (accessed March 12, 2010).

¹¹⁷ Fiona Hayes-Renshaw, “The Council of Ministers,” In *The Institutions of the European Union*, by John Peterson and Michael Shackleton, 60–80. Oxford: Oxford University Press, 2006. 76.

¹¹⁸ Gya and Jaquemet, “Mission Update,” 6.

(1) Role of the Council of the European Union in Afghanistan. The Council of the European Union plays various roles in EU-Afghan relations in accordance with its role in setting the policy agenda for the European Union. For example, the Council is involved in the negotiation and approval of such documents as the EU-Afghanistan Joint Declaration in 2005 as well as various policy statements regarding Afghanistan. The European Council also publishes periodic statements, factsheets, and updates concerning the relationship between the EU and Afghanistan. The Council's General Affairs and External Relations Council (GAERC) has reaffirmed the European Union's "strong, long-term commitment to Afghanistan, as expressed by the European Council on 14 December 2006," on multiple occasions.¹¹⁹

The Office of the European Union Special Representative for Afghanistan (EUSRA) has historically operated within the purview of the Council of the European Union. The EUSRA holds a key position in the implementation of the EU development strategy in Afghanistan. According to the EUSRA Website, the "main focus of the work of the EUSRA is on the implementation of the Bonn Agreement."¹²⁰ The EUSRA serves as the EU point of contact for the GIRoA in Kabul and "advises the EU on its Afghanistan policy and on the implementation of its priorities for action."¹²¹ In 2009, this position was expanded in scope to encompass relations with Pakistan,¹²² perhaps in response to the appointment by numerous nations of special envoys to both Afghanistan and Pakistan.¹²³

¹¹⁹ Catherine Glière (ed.), *Chaillot Paper 112: EU Security and Defense Core Documents 2007*, Chaillot Paper, Paris: European Union Institute for Security Studies, October 2008. 35, 189.

¹²⁰ Delegation of the European Union to Afghanistan, *Office of the Special Representative of the European Union for Afghanistan*, http://www.delafg.ec.europa.eu/en/eu_representative/index.htm (accessed December 7, 2009).

¹²¹ Glière, *Chaillot Paper 112*, 54.

¹²² Human Security Report Project, "Council Joint Action 2009/467/CFSP," *Afghanistan Conflict Monitor – Key Documents*. June 16, 2009. (accessed November 22, 2009) <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:151:0041:0044:EN:PDF>. L151/41.

¹²³ United States. Department of State, "Afghanistan and Pakistan Regional Stabilization Strategy," January 2010. <http://www.state.gov/documents/organization/135728.pdf> (accessed January 24, 2010). 29. This report states that "28 countries and international organizations" have appointed representatives in this manner.

(2) Role of the European Commission in Afghanistan. The European Commission is the most active EU institution in Afghanistan. Its involvement began in the 1980s with an office in western Pakistan. The EC opened its office in Kabul in February 2002 to begin coordinating EC aid implementation.¹²⁴ The EC has authored nearly all of the key documents that define the mechanics of the EU development programs with Afghanistan, including the Country Strategy Paper for Afghanistan, the Multi-annual Indicative Programme and its predecessors, Annual Action Programmes, periodic “State of Play” reports, and the “Blue Book” on the EU and Afghanistan, which is intended to streamline donor approaches.¹²⁵

Previously, the EU’s relations with Afghanistan fell under the purview of Benita Ferrero-Waldner, as the EU External Affairs Commissioner. Her office managed the operations of EuropeAid, which oversees the EC’s development and humanitarian activities worldwide.¹²⁶ Ferrero-Waldner’s position was replaced by that of the European Union High Representative for Foreign Affairs and Security Policy. Catherine Ashton was selected on November 19, 2009 to fill the new post and took office on December 1, 2009.¹²⁷ The head of the European Union Delegation to Afghanistan (under the Commission until the enactment of the Lisbon Treaty) was Hansjörg Kretschmer,¹²⁸ who led the delegation responsible for the execution of the overall EU development strategy in Afghanistan. This position is to be merged with that of the EUSRA, which could aid in EU aid coordination by reducing the friction between the Council and the Commission.

¹²⁴ European Commission, “Afghanistan: State of Play January 2010,” 1; European Commission, “Country Strategy Paper,” 3; Glière, *Chaillot Paper 112*, 54.

¹²⁵ European Commission, “State of Play: July 2009,” 2.

¹²⁶ European Commission, *Who's who at EuropeAid*, July 29, 2009.
http://ec.europa.eu/europeaid/who/whoswho/index_en.htm (accessed December 7, 2009).

¹²⁷ BBC, *EU Foreign Head Dismisses Critics*, November 19, 2009.
<http://news.bbc.co.uk/2/hi/europe/8369473.stm> (accessed December 3, 2009).

¹²⁸ Delegation of the European Union, *About Us*. December 1, 2009.
http://www.delafg.ec.europa.eu/en/about_us/index.htm (accessed December 9, 2009).

As one of the six largest aid donors, the European Commission holds a seat on the JCMB—which is supposed to serve as a key mechanism for EU donor coordination. The EC is also active in the JCMB Consultative Groups and Working Groups. As noted by an EC “State of Play” report, the EC also “has an important role in intra-EU donor coordination through monthly meetings of the Development Counsellors.”¹²⁹ Similarly, the European Commission’s 2008 Annual Action Programme notes that “[f]ormal EU heads of development meetings are held monthly in Kabul with Member States.”¹³⁰ Finally, the Country Strategy Paper indicates that the EC consults closely with the member states in its activities. This is indicative of the important role played by the EU member states in Afghanistan.

(3) Effects of the Lisbon Treaty on the EU’s Engagement in Afghanistan. The Lisbon Treaty contains provisions designed to reduce discord among EU institutions and address pillar coordination issues. Derek Mix, an analyst for European Affairs for the Congressional Research Service, notes that Catherine Ashton’s new position as the High Representative for Foreign Affairs and Security Policy (or “EU Foreign Minister”) will act as both “an agent of the Council of Ministers and a Vice-President of the European Commission.”¹³¹

In Afghanistan, the Lisbon Treaty could potentially further reduce the divide between the Council and the Commission. A critical example is the recent merging of the positions of the EUSRA and the head of the European Union’s delegation in Kabul into a single “double-hatted” position. On February 22, 2010, Catherine Ashton announced her choice for the position: Vygaudas Ušackas, who resigned his position as Lithuanian foreign minister in January 2010.¹³² By combining the recently expanded

¹²⁹ European Commission, “State of Play: July 2009,” 2.

¹³⁰ European Commission, “Annual Action Programme 2008,” 6.

¹³¹ Derek E. Mix, *The European Union: Leadership Changes Resulting from the Lisbon Treaty*, CRS Report for Congress, Washington D.C.: Congressional Research Service, March 3, 2010. ii.

¹³² Toby Vogel, *Ashton to Name New Afghanistan Envoy*, January 29, 2010. <http://www.europeanvoice.com/article/2010/01/ashton-to-name-new-afghanistan-envoy/67026.aspx> (accessed March 2, 2010); Toby Vogel, *Lithuanian appointed EUSR to Afghanistan*, February 25, 2010. <http://www.europeanvoice.com/article/imported/lithuanian-appointed-eusr-to-afghanistan/67243.aspx> (accessed March 2, 2010).

Council position of the EUSRA¹³³ with the European Commission's head of delegation position, this appointment has significant potential to address the discord among EU institutions that has contributed to lack of coordination in Afghanistan. It remains to be seen how this position will affect the historical differences between the Council and the Commission over which institution will provide the lead role in an international engagement.¹³⁴

Finally, Mix holds that the Commission's external delegations worldwide now reflect a common European Union identity. Since they are slated to be staffed by the External Action Service (recently created under Ashton) with "a mixture of personnel from the commission and the council," the lines between the Commission and the Council in Afghanistan will become further blurred, which could contribute to unity of action.¹³⁵

Although Mix notes that EU development aid policies have supranational characteristics that should allow for unity of action under Ashton and the new EUSRA, politically charged foreign policy decisions will still "remain subject to national vetos."¹³⁶ Considering the reluctance of the EU member states to relinquish their authority in foreign policy decisions, even within the framework of the Lisbon Treaty,¹³⁷ it is difficult to determine exactly what impact this treaty will have on EU donor coordination in Afghanistan.

¹³³ International Crisis Group, "Rebuilding the Afghan State," 5. The report states that the EUSRA "provides a privileged link and primary point of contact for the Council's Political and Security Committee (PSC)."

¹³⁴ International Crisis Group, "Rebuilding the Afghan State," 5.

¹³⁵ Mix, *Leadership Changes*, 6. Mix refers to the new European External Action Service as the "new EU Diplomatic corps" (3).

¹³⁶ Ibid., 5; Kristin Archick and Derek E. Mix, *The European Union's Reform Process: The Lisbon Treaty*, CRS Report for Congress, Washington D.C.: Congressional Research Service, February 22, 2010. 6.

¹³⁷ Mix, *Leadership Changes*, 3. According to Mix, the appointment of Herman Van Rompuy, a former Belgian Prime Minister, as the President of the European Council shows the reluctance of the EU member states to empower a position that would threaten their own roles and national influence.

b. EU Member States

The relationship between the EU member states and the institutions of the EU is central to the coordination challenges regarding the EU's development strategy in Afghanistan. Liesbet Hooghe and Neill Nugent, professors at the University of North Carolina at Chapel Hill and Manchester Metropolitan University respectively, have pointed out that, as the EU's "principal international actor," the European Commission "shares responsibilities with member states in foreign policy, [and] development policy."¹³⁸ Helen Wallace, a prominent British expert on European affairs, has added that "there is no clear hierarchy which makes the EU either superior to or subordinate to its member states."¹³⁹ This sharing of responsibility is highlighted in Afghanistan, where the EC and the EU member states both play large roles in defining the EU engagement. Of course, this sharing of responsibility comes at a cost—that of diminished unity of action.

Jo Coelmont states that in the early years of the international intervention in Afghanistan, the EU member states "set an upper and lower limit for their respective contributions, which differ widely, but are all based on the same premise of doing 'the minimum necessary' to maintain 'good relations' with the US."¹⁴⁰ To what extent this is true is unclear, but the current activities of the EU member states are clearly disparate. As previously noted, the capabilities of the EU member states are unequal, a factor that drives the types of programs in which they choose to engage. For example, as part of the lead donor nation concept, various EU donors have assumed responsibility for specific dimensions of Security Sector Reform (see Figure 12).

¹³⁸ Liesbet Hooghe and Neill Nugent, "The Commission's Services," In *The Institutions of the European Union*, by John Peterson and Michael Shackleton, 147–168. Oxford: Oxford University Press, 2006. 153.

¹³⁹ Helen Wallace, "Exercising Power and Influence in The European Union: The Roles of Member States," In *The Member States of the European Union*, by Simon Bulmer and Christian Lequesne (eds.), 25–44. Oxford: Oxford University Press, 2005. 26.

¹⁴⁰ Coelmont, *End State Afghanistan*, 3.

Lead Donor	Area of SSR Responsibility
United States	Training the Afghan National Army
France	Training Officer Corps of ANA
EU / Germany	Training Afghan National Police
Japan	Disarmament, Demobilization, and Reintegration (DDR)
Italy	Judicial Reform
U.K.	Counternarcotics

* The EU assumed responsibility for the training of Afghan police, though Germany is in command of the mission. Prior to June 2007, Germany served as the sole lead nation for police reform.

Figure 12. EU Lead Donors – Security Sector Reform¹⁴¹

The primary objective of the Swedish program in Afghanistan is poverty reduction.¹⁴² Belgium is focused on reconstruction, with large portions of its funding channeled to the Ministry of Rural Reconstruction and Development's (MRRD) National Area-Based Development Program (NABDP) as well as to the National Solidarity Program. Germany engages in a wide variety of programs across the spectrum of the ANDS pillars. "Ireland's aid...has traditionally focused on both humanitarian and development needs." Finland focuses on two of the eight ANDS pillars: "Governance, rule of law and human rights" and "Rural Development and Agriculture." Spain has identified the province of Badghis as the target of its main efforts, whereas Hungary has chosen Badghlan province as its focus.¹⁴³ These examples illustrate the wide variety of development activities in which the EU member states are engaging.

c. EU-Afghan Coordination Structures

Prior to the establishment of the Joint Coordination Monitoring Board in 2006, EU donor coordination was conducted via informal working groups. The establish-

¹⁴¹ After Peace Operations Monitor, "UNAMA Organization Chart," <http://pom/peacebuild.ca/AfghanistanGovernance.html>, cited in Kellie McCoy J., "Creating Effective Post-Conflict Transition Organizations: Lessons from Panama, Bosnia, Afghanistan, and Iraq," (Thesis, U.S. Army Command and General Staff College, June 2008.) 71.

¹⁴² Swedish International Development Cooperation Agency, "Afghanistan Sida Country Report 2005," <http://www.sida.se/English/About-us/Sidas-Publications/> (accessed November 20, 2009). 9.

¹⁴³ European Commission, "EU Blue Book 2009," 14, 20, 22, 28, 36.

ment of the JCMB created a formal structure with a 5-year mandate (2006–2011), within which EU donor activity can be coordinated with that of other donors in Afghanistan. The JCMB, which meets quarterly at whatever venue is deemed appropriate (to date, meetings have been held in Kabul, Berlin, and Tokyo), is co-chaired by the UNAMA SR-SG and the Senior Economic Advisor to the President of Afghanistan. Twenty-eight members hold seats on the JCMB, of which seven are reserved for Afghan government officials. The remainder of the seats are for international actors based on certain criteria such as the “six largest development assistance contributors,” the top four troop-contributing nations, neighboring and regional countries, and international organizations and financial institutions. Currently, the EC, Germany, and the UK maintain seats as three of the six largest aid contributors, while France, Italy, and the Netherlands owe their seats to their troop contribution levels.¹⁴⁴ In other words, five EU member states hold seats equal in stature to the European Commission, which theoretically should be promoting the coordination of the EU member state activities.

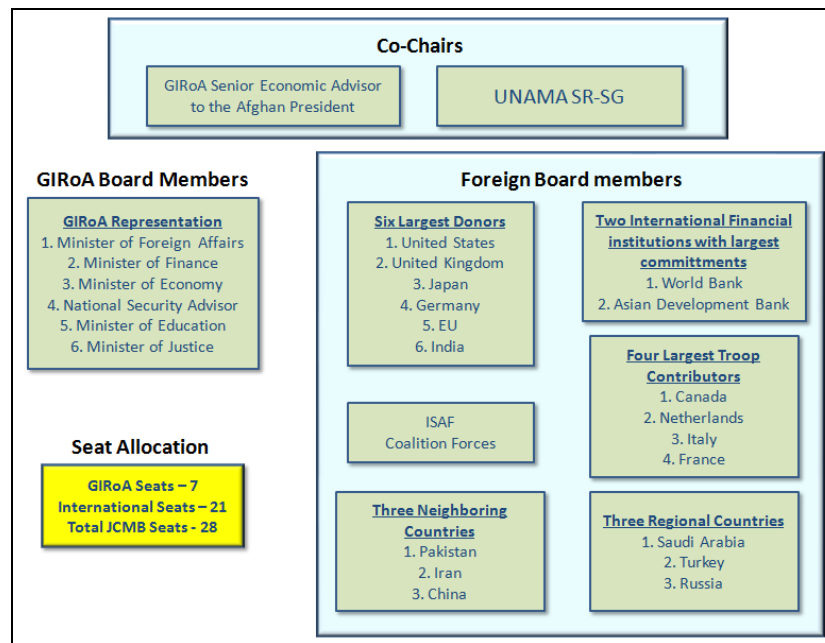


Figure 13. Joint Coordination and Monitoring Board¹⁴⁵

¹⁴⁴ Islamic Republic of Afghanistan, “JCMB Terms of Reference,” 1–2.

¹⁴⁵ After Islamic Republic of Afghanistan, “JCMB Terms of Reference,” 1–2; World Bank, “The World Bank in Afghanistan,” April 2007. <http://siteresources.worldbank.org/AFGHANISTANEXTN/-Resources/305984-1171214014238/AFUpdateApr07.pdf> (accessed December 3, 2009). 2.

Under the JCMB and its secretariat are a series of GIRoA-led Consultative Groups and Working Groups. The 28 Working Groups (WGs), sometimes referred to as Technical Working Groups (TWGs), collect and prepare data for the eight Consultative Groups (CGs) to measure progress against the benchmarks established in the Afghanistan Compact and the Afghanistan National Development Strategy.¹⁴⁶ The eight CGs represent each of the eight sector pillars of the ANDS.

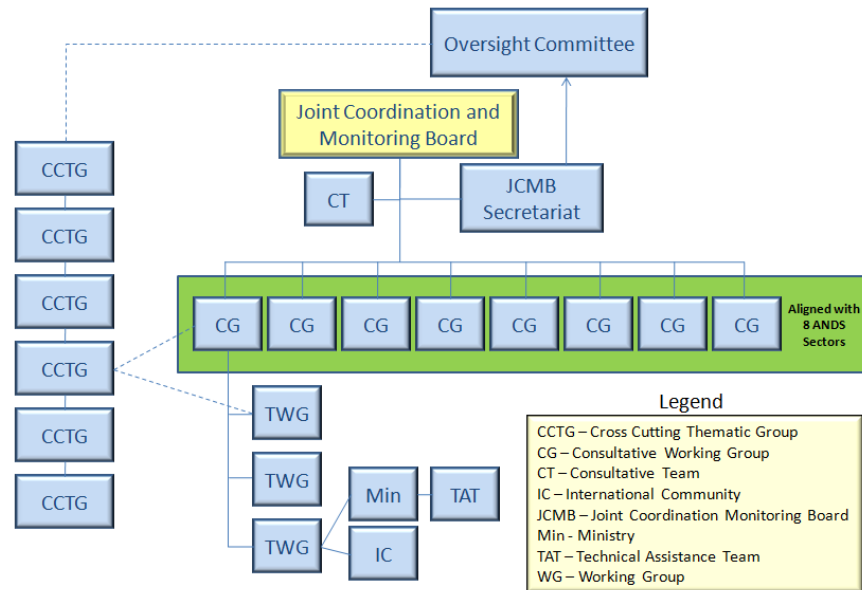


Figure 14. JCMB Support Structure¹⁴⁷

EU donors are active in the Working Groups and Technical Working Groups, acting primarily in an advisory capacity, but also as providers of information for the GIRoA-led bodies. The implementing agencies for the EC and the EU member states, such as development agencies or NGOs, also participate in applicable sector WGs and TWGs in the regions in which they operate.

¹⁴⁶ Islamic Republic of Afghanistan, *Afghanistan National Development Strategy: Joint Coordination and Monitoring Board*, September 27, 2008. <http://www.ands.gov.af/ands/jcmb/site/index.asp?page=cgs§ion=home> (accessed December 3, 2009).

¹⁴⁷ After Islamic Republic of Afghanistan, *Joint Coordination and Monitoring Board*; Islamic Republic of Afghanistan, “Consultative Group Manual: Terms of Reference and Procedures,” March 4, 2007. <http://www.ands.gov.af/ands/jcmb/site/src/WGs%20and%20CGs/CG%20Manual%20-%20English.pdf> (accessed December 2009, 2009). 5.

The EU donors are integrated into the current coordination mechanisms established for development activities in Afghanistan. However, the ability of these mechanisms to effectively coordinate development activities is in question. Their ability to contribute to aid effectiveness and coordination among the EU donors is even less clear.

D. CONCLUSION

One major problem in intra-EU cooperation is the fact that the European Commission practices “external relations,” while EU member states exercise their right to practice foreign policies. In 2006 Michael Smith, Brian Crowe, and John Peterson wrote that “The Commission is only ‘fully associated’ (that is, it has a lesser position than member states) and the EP has no power (and little influence) over the common foreign and security policy (CFSP).”¹⁴⁸ The pattern in Afghanistan to date suggests that the European Union’s institutions can only suggest and promote coordination and aid effectiveness within the European Union as a whole. Until the EU member states support a unified strategy in which one office or individual can direct EU donor activities, the challenges of donor coordination and suboptimal aid effectiveness within the EU will remain unresolved. Chapter III analyzes the specific aspects of this situation.

The other critical finding for which this chapter provides a framework is that the European Union should not simply follow the ANDS as a development strategy. This is not solely due to the challenges associated with the PDPs and DDPs. As a major donor, the European Union has the opportunity to address regional development strategies that could leverage value chains and greatly assist the GIRoA in achieving the overarching goals outlined in the ANDS. By combining the sectoral areas on which the EU desires to focus with a geographic analysis of available natural resources in Afghanistan, the EU can adjust its strategy to encompass large-scale, linked projects that leverage existing

¹⁴⁸ Michael E. Smith, Brian Crowe, and John Peterson, “International Interests: The Common Foreign and Security Policy,” In *The Institutions of the European Union*, by John Peterson and Michael Shackleton, 252–271. Oxford: Oxford University Press, 2006. 253–254. Michael E. Smith is a Reader in International Relations at the University of St. Andrews, UK; Brian Crowe is the Deputy Chairman for the Royal Institute for International Affairs, Chatham House, UK; John Peterson is the Head of the Politics and International Relations School at the University of Edinburgh, UK.

value chains far beyond the capability of most donors in Afghanistan. These projects could provide the Afghans with the long-term, sustainable economic growth that they desire. This possibility is further examined in Chapter IV.

III. THE “SUPER ENVOY” OPTION

A. INTRODUCTION

1. Donor Activity in Afghanistan

An assessment of the European Union’s collective contribution to the intervention in Afghanistan shows that the EU remains deeply engaged across the spectrum of efforts. The seeming reluctance of some of the EU member states to engage in combat operations to assist the security effort is offset by collective EU efforts to support the numerous aspects of civilian intervention, such as economic and social development as well as building the capacity of the Afghans to govern themselves.

The European Union, like many donor nations and organizations, is struggling to overcome the many challenges present in Afghanistan. Although the current EU development strategy has an overall theme (supporting the agreed official Afghan vision), there are no effective mechanisms to coordinate the efforts of the EU donors in Afghanistan. Moreover, this problem is prevalent within the entire donor community in Afghanistan. In “The Seven Capital Sins of the Donor Community in Afghanistan,” Serge Michailof, former director of operations of a French aid agency, underscores this by noting that “the lack of serious coordination and strategic planning among key donors in Afghanistan has seriously undermined aid effectiveness.”¹⁴⁹ The problem is exacerbated by the inability of any one nation or organization to effectively design and implement a development strategy that other nations and organizations will follow. A study conducted by the Center of the Study for the Presidency notes that “Neither the U.S., the United Nations, nor NATO is responsible for setting, articulating or

¹⁴⁹ Serge Michailof, “The Seven Capital Sins of the Donor Community in Afghanistan,” *The German Marshall Fund of the United States*, http://www.gmfus.org/doc/Serge_AfghanistanBrief_Final.pdf (accessed November 17, 2009). 1.

representing donor nation policies...This approach has consistently failed to yield either adequate resources or effective multinational collaboration.”¹⁵⁰ The effects of this inefficiency are difficult to overstate.

In monetary terms, the cost of this lack of coordination is staggering. As of September 30, 2008, over \$57 billion had been pledged for loans and grants in Afghanistan in 2001–2009, with the United States as the largest donor (nearly \$32 billion).¹⁵¹ Included in this total are the pledges by donor nations at the 2008 Paris Donor Conference to provide \$21 billion of the \$50 billion requested by Afghan President Hamid Karzai for the next five years. In addition to these amounts, the United States promised to provide approximately \$5 billion in further aid in June 2009, bringing the U.S. total alone to over \$39 billion.¹⁵² According to figures compiled by Rhoda Margesson, the expenditures and pledges by the European Commission combined with those of the EU member states will amount to \$10.1 billion between 2002 and 2011.¹⁵³

However, for the EU, the massive amount of funds involved is not accompanied by a commensurate effort in coordinating the activities of the EU institutions and the EU member states. According to Daniel Korski, a Senior Policy Fellow for the European Council for Foreign Relations, “In Afghanistan...the EU effort seems disorganised: chains of command are unclear and coordination is generally weak.”¹⁵⁴ As a result of this lack of a coordinated development strategy, billions of euros have been wasted through

¹⁵⁰ United States. Center for the Study of the Presidency, *Afghanistan Study Group Report: Revitalizing Our Efforts Rethinking Our Strategies*, http://www.thepresidency.org/pubs/Afghan_Study_Group_final.pdf (accessed November 20, 2009). 18.

¹⁵¹ United States. Special Inspector General for Afghanistan Reconstruction, “January 2009 Report,” <http://www.sigar.mil/reports/quarterlyreports/Jan09.aspx> (accessed November 20, 2009). 39.

¹⁵² United States. Special Inspector General for Afghanistan Reconstruction, “July 2009 Report,” <http://www.sigar.mil/reports/quarterlyreports/Jul09.aspx> (accessed November 20, 2009). 33, 42. United States. Special Inspector General for Afghanistan Reconstruction, “October 2009 Report,” October 30, 2009. <http://www.sigar.mil/reports/quarterlyreports/OCT09.aspx> (accessed November 20, 2009). 41. The inconsistency between the SIGAR documents is not explained in the reports – that is, the total should be \$37 billion, but the report refers to \$39 billion.

¹⁵³ Rhoda Margesson, *United Nations Assistance Mission in Afghanistan: Background and Policy Issues*, CRS Report, Congressional Research Service, July 30, 2009. 20–21. Margesson lists the source of the data as “Office of the SIGAR October 30, 2008 Report to Congress.”

¹⁵⁴ Daniel Korski, “Afghanistan: Europe's Forgotten War,” January 31, 2008. http://ecfr.3cdn.net/fcdc73b8da7af85936_q8m6b5o4j.pdf (accessed July 28, 2009). 5.

“project fratricide,”¹⁵⁵ and through donors pursuing short-term projects with no long-term objectives. A 2008 United Kingdom International Development Committee report states that, “according to the Peace Dividend Trust, out of a total US \$1.36 billion spent between March 2005 and March 2006 from major donors the local impact was around 31% or the equivalent of \$424 million,” and that “Problems of donor coordination are leading to a proliferation of disparate projects, low local impact of funding and creating a poor impression in Afghanistan about donors’ lack of agreement.”¹⁵⁶ Šárka Waisová sums up the problem as follows: “According to some observers, Afghanistan is slowly transforming into a black hole absorbing billions without any noticeable positive effect on the life of the population and stability of state institutions.”¹⁵⁷ The enormous amount of donor aid flowing into Afghanistan and the continuing lack of coordination foreshadow more costly inefficiency in the future.

2. The Role of the United Nations

Any discussion regarding development activities in Afghanistan must take into account the role of the United Nations (UN). A major portion of international intervention and activity in Afghanistan falls under the scope of United Nations Security Council Resolution (UNSCR) 1386 (2001), authorizing the creation of the International Security Assistance Force (ISAF),¹⁵⁸ and UNSCR 1401 (2002), providing for the creation of the United Nations Assistance Mission to Afghanistan (UNAMA).¹⁵⁹ UNAMA’s mission is to “promote peace, stability and progress in Afghanistan by

¹⁵⁵ Here, project fratricide is defined as two (or more) development agencies pursuing similar projects with similar goals in the same area without knowledge of the other project(s).

¹⁵⁶ United Kingdom. House of Commons International Development Committee, “Reconstructing Afghanistan: Government Response to the Committee’s Fourth Report of Session 2007–08,” April 24, 2008. <http://www.dfid.gov.uk/Documents/publications/gov-response-int-dev-report-afghanistan-2008.pdf> (accessed November 20, 2009). 7, 9.

¹⁵⁷ Waisová cites the following sources as the basis for her judgement: Lara Olson, “Fighting for Humanitarian Space: NGOs in Afghanistan,” *Journal of Military and Strategic Studies*. 9, 1 (2006) or A. Mojumdar, “Fighting ‘NGOism’,” *Hindu BusinessLine*, January 13 2006, <http://www.globalpolicy.org/ngos/aid/2006/0113fighting.htm> (March 13 2007). Šárka Waisová, “Post-war Reconstruction in Afghanistan and the Changing NGO-Government Relationship,” *China and Eurasia Forum Quarterly*, August 2008. 71.

¹⁵⁸ United Nations. United Nations Security Council Resolution 1386, December 20, 2001. 2.

¹⁵⁹ United Nations. United Nations Security Council Resolution 1401, March 28, 2002. 2.

leading the efforts of the international community.”¹⁶⁰ UNAMA’s mandate has been renewed annually since 2002 and has been extended through March 23, 2010 by UNSCR 1868 (2009).¹⁶¹

As Rhoda Margesson has noted, UNSCR 1868 (2009) “incorporates UNAMA’s increased scope, which includes leading international civilian efforts,” and provides for UNAMA “coordination of the assistance provided by international donors and organizations.”¹⁶² Additionally, because UNAMA serves as the co-chair of the Joint Coordination and Monitoring Board, “U.N. Security Council Resolution 1806 (2008) and U.N. Security Council Resolution 1868 (2009) direct UNAMA, in that capacity, to coordinate the work of international donors and organizations with an emphasis on aid effectiveness.”¹⁶³ Finally, UNSCR 1868 provides the UNAMA Special Representative for the Secretary General (SR-SG) with a leadership role in international civilian efforts, especially in the “mobilization of resources, [and] coordination of the assistance provided by international donors and organizations.”¹⁶⁴ However, although these documents provide UNAMA with a firm basis in legitimacy, they are certainly not regarded as binding by those actors participating in development efforts in Afghanistan; and the European Commission and the EU member states are no exception. Daniel Korski affirms that “while many European governments have pushed for the UN to take on a stronger role in policy development and coordination, few have given the UN mission in Afghanistan and Kai Eide, the Norwegian diplomat who serves as the special representative of the UN secretary general, the necessary support, staff or resources, either in New York or Kabul.”¹⁶⁵

¹⁶⁰ United Nations, *United Nations Assistance Mission to Afghanistan*, <http://unama.unmissions.org/Default.aspx?tabid=1748>. Q3 (accessed November 20, 2009).

¹⁶¹ United Nations, United Nations Security Council Resolution 1868, 23 March 2009. 4.

¹⁶² Margesson, *United Nations Assistance Mission in Afghanistan*, 3, 22.

¹⁶³ *Ibid.*, 6.

¹⁶⁴ United Nations, United Nations Security Council Resolution 1868, 4.

¹⁶⁵ Daniel Korski, “Shaping Europe’s Afghan Surge,” *European Council on Foreign Relations*. March 25, 2009. http://ecfr.3cdn.net/4599862142844e090e_oum6bzv4y.pdf (accessed November 13, 2009). 3.

3. Research Design

This chapter investigates the hypothesis that the designation of a “super envoy” with the ability to direct a portion of EU donor resources and projects, both at the EU and EU member state levels, could increase the effectiveness of EU development activities in Afghanistan. To that end, two possible “super envoy” solutions are examined that diverge from “staying the course” with the current EU development strategy. One possibility is the formal support of the UNAMA Special Representative for the Secretary General (SR-SG) by the EU and the EU member states, allowing him to direct a portion of donor resources from those actors.¹⁶⁶ A second possibility involves the designation of an EU civilian development coordinator with the ability to direct a portion of EU donor resources.

Although the EU intervention in Kosovo provides useful precedents to consider when examining these possibilities, care must be taken in comparing post-conflict environments. David Yost, a professor at the Naval Postgraduate School, has highlighted some differences between Kosovo and Afghanistan in 2007.

By contrast, the military presence in Afghanistan has been effective in various ways, but the civilian presence has been less successfully coordinated than in Kosovo. The difference may be partly explained by the fact that Kosovo is not an independent state, while Afghanistan is a sovereign country. In Kosovo the United Nations has had leadership and governance responsibilities that belong to the national authorities in Afghanistan. The UN “footprint” has accordingly been much lighter in Afghanistan than in Kosovo. Several expert observers maintain that the UN “footprint” in Afghanistan has in fact been “too light.” In their view, the United Nations should have a much stronger presence in the field in Afghanistan and the UN Assistance Mission in Afghanistan (UNAMA)

¹⁶⁶ Using the phrases “a portion of donor resources,” as opposed to “all donor resources,” recognizes the political challenges associated with the European Commission and the EU member states relinquishing all control of their respective donor funds to an outside agency. Given the nature of the EU, labeling this as an impossibility may not be too strong of a statement.

should have long ago taken a more vigorous and higher-level approach in order to coordinate more effectively the activities of the many states, international organizations, and NGOs active in this country.¹⁶⁷

Although the EU's intervention in Kosovo occurred in a more mature and stable post-conflict environment than that in Afghanistan, the EU "super envoy" concept might be analogous to the position of Richard Zink, who served as the first director for the European Agency for Reconstruction in the Balkans in 2000. This position provides a more relevant example of an EU "super envoy" than that of the EU's Special Representative in Bosnia, Lord Paddy Ashdown, who had been "given a special double-hatted role in ensuring overall coordination of EU activities" in the Balkans¹⁶⁸ but acted primarily in a coordinating role. Zink's role in implementing EU reconstruction programs not only affected security, but had political ramifications as well. As Zink deemed the Agency's efforts successful overall, this example could provide useful lessons for the EU to emulate in Afghanistan.¹⁶⁹

In an examination of these possibilities, this chapter addresses certain questions. First, what is the probability that a "super envoy" method would result in increased coordination of EU development spending? Furthermore, what have been the specific historical issues concerning EU donor coordination? How might the "super envoy" method address these issues? What appear to be the advantages and drawbacks to each method—that is, an EU "super envoy" and an empowered SR-SG? How could the EU take steps to mitigate the potential problems? Given the dynamics of the European Union, which method would probably gain the most support within the EU and which would be the most effective?

¹⁶⁷ David S. Yost, *NATO and International Organizations*, Rome: NATO Defense College, September 2007. 132-133.

¹⁶⁸ Eikka Kosonen, "EU Policy and Perspectives on Reconstruction Operations and EU-NATO Cooperation," In *NATO-EU Cooperation in Post Conflict Reconstruction*, by eds. Jean Dufourcq and David S. Yost, 32-36. Rome: NATO Defense College, 2006. 33.

¹⁶⁹ Richard Zink, "The EU and Reconstruction in the Western Balkans," in *NATO-EU Cooperation in Post Conflict Reconstruction*, by eds. Jean Dufourcq and David S. Yost, Rome: NATO Defense College, 2006. 42-45.

Following a review of the relevant literature, this chapter examines the historical issues that have resulted in a lack of coordination in Afghanistan, especially in the context of EU donor activities. An examination of specific donor coordination examples supports the analysis of whether a “super envoy” solution might successfully address these challenges. Following this section is a discussion of the UNAMA and EU “super envoy” recommendations, with an examination of the advantages, disadvantages, and other considerations that accompany both possibilities. This leads to a comparison of both methods to determine, given the EU’s dynamics, which is likely to be the most feasible option.

B. EU DEVELOPMENT IN AFGHANISTAN: THE CURRENT SITUATION

1. Lack of Coordination

The lack of donor coordination in Afghanistan is widely recognized.¹⁷⁰ The numerous donor and development agencies operating there pursue their own strategies and priorities. Iselin Hebbert Larsen, an official in the Norwegian Ministry of Foreign Affairs, illustrates a key challenge in this area:

The organizational set-up is problematic also because there are three supranational structures seeking to coordinate civilian efforts: UNAMA, the European Union and the NATO Senior Civilian Representative (SCR). Coordination of donor funds is difficult for any institution because power over the purse sits in the capitals and philosophies differ as to how aid should be spent to be most effective. Today there are three such organizations – surely a waste of resources and time.¹⁷¹

¹⁷⁰ United States. Center for the Study of the Presidency, *Afghanistan Study Group Report*, Washington D.C.: Center for the Study of the Presidency, January 30, 2008.17; House of Commons. *Reconstructing Afghanistan*, 8–9; Margesson, *United Nations Assistance Mission in Afghanistan*. 13–14; Interview, unnamed source, June 2008, cited in Giji Gya and Olivier Jacquemet, “ESDP and EU Mission Update – June 2008,” *European Security Review*, July 2008: 6; David Spencer, “Afghanistan’s Nangarhar Inc: A Model for Interagency Success,” *Military Review* 89, no. 4 (July–August 2009): 38; Swedish International Development Cooperation Agency, “Afghanistan Sida Country Report 2005,” <http://www.sida.se/English/About-us/Sidas-Publications/> (accessed November 20, 2009). 7.

¹⁷¹ Iselin Hebbert Larsen, “UNAMA in Afghanistan: Challenges and Opportunities in Peacemaking, State-building and Coordination,” *Norwegian Institute of International Affairs*. February 2, 2010. <http://english.nupi.no/Publications/Books-and-reports/2010/UNAMA-in-Afghanistan.-Challenges-and-Opportunities-in-Peacemaking-State-building-and-Coordination> (accessed March 9, 2010). 6–7.

In addition to the three organizations listed by Larsen, the international donor organizations operating in Afghanistan include the World Bank, the Asian Development Bank, and the Aga Khan Development Network. National development agencies such as the Canadian International Development Agency (CIDA), Danish International Development Agency (DANIDA), Development Cooperation Ireland (DCI), United Kingdom Department for International Development (DfID), Swedish International Development Agency (SIDA), and the United States Agency for International Development (USAID) offer further examples of donor organizations in Afghanistan with few effective ties to each other. Afghan development efforts under various ministries, such as the Ministry for Rural Rehabilitation and Development (MRRD), as well as nongovernmental agencies (NGOs) and Provincial Reconstruction Teams (PRTs), also operate within the constraints of their respective agencies.¹⁷²

As Rhoda Margesson has noted, “Some observers argue that the Afghan government, international organizations, NGOs, donor countries, and others are following their own priorities and programs, and therefore do not coordinate their efforts as effectively as possible.”¹⁷³ NGOs are an especially good example of this phenomenon. Estimates of the number of non-governmental organizations (NGOs) in Afghanistan vary, but they number in the thousands.¹⁷⁴ Šárka Waisová asserts that they offer a “Paradox of Plurality” situation, which she defines as “an exceedingly high number of actors, performing [the] same or similar activities in parallel and without mutual coordination.”¹⁷⁵

¹⁷² Spencer, “Nangarhar Inc,” 38. Portions of this chapter are based on this work by the author.

¹⁷³ Margesson, *United Nations Assistance Mission in Afghanistan*, 13–14.

¹⁷⁴ United States International Grantmaking, Council on Foundations, *Country Information, Afghanistan*, June 2009. <http://www.usig.org/countryinfo/afghanistan.asp> (accessed November 20, 2009). This website lists the current number of registered NGOs in Afghanistan at 1,756, while some estimates put the number at over 2,000.

¹⁷⁵ Šárka Waisová, “Post-war Reconstruction in Afghanistan and the Changing NGO-Government Relationship,” *China and Eurasia Forum Quarterly*, August 2008. Vol 6:3. 83.

The European Union, as the second largest donor in Afghanistan¹⁷⁶ outside of the United States, is no stranger to the challenges inherent in conducting aid and development activities in this war-torn country. Given the EU's civilian expertise, as well as its preference for non-violent means of dealing with issues in the international arena, it is difficult to understand in general terms why the EU has not yet successfully devised and implemented a method to effectively manage its development and donor activities. However, those familiar with the functioning of the EU, and the disparity of the actors involved in any EU operation, acknowledge the difficulties that ensue as a result of the varying mandates and objectives of the EU's institutions and especially of the member states themselves. As Daniel Korski has observed, "Individual EU member states, which contribute well over double the amount of funding provided by the European Commission, have failed to act as a coherent donor group. Instead, they have adopted divergent and often incompatible approaches."¹⁷⁷

2. EU Views on Lack of Donor Coordination

Within the EU, it is clear from both the European Commission's Country Strategy Paper (CSP) for Afghanistan and from reports of progress by EU development agencies (reflecting the views of the EU member states) that the EU understands the lack of coordination and the need for a unified European Union strategy. An analysis of the publications of EU donor organizations active in Afghanistan—such as the Danish and Dutch Ministries of Foreign Affairs, DfID, and SIDA—illustrates their understanding of the donor coordination challenges. However, there are no binding unified strategies to facilitate the coordination of their activities. As a 2008 United Kingdom report on reconstruction in Afghanistan noted, "the development community needs a body of agreed principles every bit as much as the military."¹⁷⁸ Although the EU CSP takes note of the "European Consensus on EU Development Policy" adopted by the General Affairs

¹⁷⁶ Council of the European Union, "ESDP Newsletter #4," *Institute for Security Studies*. July 2007. <http://www.iss.europa.eu/nc/actualites/actualite/article/afghanistan-bolstering-the-rule-of-lawbr-bosnia-and-herzegovina-eufor-in-transitionbr-es/>. 10. This considers the combined donor funds of the European Commission as well as the member states of the EU.

¹⁷⁷ Korski, "Europe's Forgotten War," 9–10.

¹⁷⁸ House of Commons, *Reconstructing Afghanistan*, 8.

and External Relations Council (GAERC) on November 22, 2005, the EU member states clearly do not regard that document as binding and have continued to pursue their own mandates.¹⁷⁹ A combined report from five European Union national development agencies noted that, “While the Donors together...have shared some common approaches, and have collaborated well on specific issues, they have not acted as a group. Likewise, it has not been possible to identify a ‘European model’ for assistance to Afghanistan, although guidance has been sought on political matters with the European Union.”¹⁸⁰ Perhaps Giji Gya and Olivier Jacquemet best summarize the problem: “everybody [in the EU] recognizes the need for coordination, but no one wants to be coordinated.”¹⁸¹

There are several reasons why the EU donors, especially the member states, resist efforts to create a unified EU strategy. First, there is a tendency for inflexible donors to plan projects based on current priorities—for near-term effects visible to parliaments and attentive publics at home.¹⁸² This marginalizes long-term planning, as well as coordination with other donors who may not share their priorities. Next, EU donors have established funding channels, such as NGOs and contractors, with whom they are accustomed to working.¹⁸³ Donors tend to resist sweeping changes to their established programs as well as to their overall strategies, because it creates difficulties and takes

¹⁷⁹ European Commission, “Country Strategy Paper: Islamic Republic of Afghanistan 2007–2013,” *Europa – External Relations*. http://ec.europa.eu/external_relations/afghanistan/csp/07_13_en.pdf (accessed July 28, 2009). 31.

¹⁸⁰ Denmark. Ministry of Foreign Affairs of Denmark DANIDA, “Humanitarian and Reconstruction Assistance to Afghanistan 2001–2005: From Denmark, Ireland, the Netherlands, Sweden and the United Kingdom, A Joint Evaluation,” October 2005. http://www.um.dk/NR/rdonlyres/3821B509-6B3B-4EFC-97C4-A89FC49C96D2/0/Afghanistan_mainreport.pdf (accessed November 20, 2009). 22. The report encompassed the operations of the Danish Development Agency (DANIDA), Development Cooperation Ireland (DCI), Netherlands’s Ministry of Foreign Affairs, Swedish International Development Agency (SIDA), and the UK Department for International Development (DfID).

¹⁸¹ Interview, unnamed source, June 2008, cited in Gya and Jacquemet, “EU Mission Update,” 6.

¹⁸² United Nations, “Report of the Secretary-General on the Situation in Afghanistan and its Implications for International Peace and Security,” *Afghanistan Conflict Monitor – Key Documents*. September 22, 2009. http://www.afghanconflictmonitor.org/UNSC_S2009475.pdf (accessed November 20, 2009). 10.

¹⁸³ John Cosgrave and Rie Anderson, *Aid Flows to Afghanistan: A Study of Aid Flows from Denmark, the UK, the Netherlands, Sweden, and Ireland to Afghanistan from January 2001 to June 2004 Inclusive*, http://www.um.dk/NR/rdonlyres/B27A79AA-2B28-4414-A533-46D183CB5890/0/AidFlows_AfghanistanFinalReportV16020041201.pdf (accessed December 4, 2009). 39. The European Commission also falls into this category.

them out of their “comfort zones.” Another consideration is that EU member states have certain civilian skill sets that they have developed over time, notably during European Security and Defense Policy (ESDP) operations. These member states will favor engagement in ANDS sectors where they believe that they can contribute the most value. Finally, perhaps the most important factor preventing the EU member states from agreeing to a “super envoy” solution is the loss of control over their funds. Besides the obvious reasons why EU donors would resist this idea, there is also the possibility of future political or legal issues if relinquished donor funds were used in a manner that members of parliament and/or attentive publics could find objectionable. For example, a decision by UNAMA to use donor funds from Denmark to develop a coal or asbestos economic value chain in Afghanistan would likely be politically controversial in Denmark and the EU.

Nevertheless, EU donors in Afghanistan agree that the issue of development coordination represents an extraordinary challenge that must be addressed. The CSP states that success in the future depends on ensuring that “donors’ inputs are effectively coordinated.”¹⁸⁴ This seems to point to an inadequacy in the current documents that guide the EU development strategy in Afghanistan, such as the Country Strategy Paper, the Multi-annual Indicative Program (MIP), and the Afghanistan National Development Strategy (ANDS). The question then remains: how best to achieve this coordination? Jo Coelmont suggests that “the EU needs a coherent ‘Grand Strategy’ about the values it wants to protect and how it should act as a responsible actor...to empower these values.”¹⁸⁵ The importance of a unified European Union strategy cannot be overstated. The absence of a unified and politically supported EU development strategy will prevent EU reconstruction and development efforts from reaching their full potential.

3. Support for the “Super Envoy” Solution

The concept of a “super envoy” to manage donor efforts in Afghanistan is not a new one. Indeed, it would seem a natural extension of the current structure of the international intervention efforts in Afghanistan. For example, there is a single (U.N.

¹⁸⁴ European Commission, “Country Strategy Paper,” 21.

¹⁸⁵ Coelmont, *End State Afghanistan*, 3.

mandated) security coordinator in Afghanistan with the ability to direct resources and activities—the ISAF Commander (although there are certainly limits on his ability to coordinate security activities).¹⁸⁶ Yet, security is not the only line of effort in Afghanistan. With the ongoing large-scale efforts in economic and social development, as well as in governance capacity building, the idea of a civilian coordinator for non-security-related efforts is not farfetched. In its 2008 report, the U.S. Center for the Study of the Presidency recommended tasking “a high-level international coordinator...to ensure that all international assistance programs have a coordinated strategy.”¹⁸⁷ Michael E. O’Hanlon and Ömer Taşpinar support this idea, with the further qualification that “with two-thirds of all economic and development assistance of non-U.S. origins, the aid and development coordinator should be European.”¹⁸⁸ Given the general European Union preference for non-combat-related activities in Afghanistan, as well as the expertise that the EU has developed in these areas, this seems to be a reasonable approach.

However, most calls for a civilian coordinator have pointed to the United Nations and UNAMA. As early as 2005, the participants in a Wilton Park conference recommended that a post-Bonn compact “constitute a qualitative advance in coordination, for which UNAMA should be responsible,”¹⁸⁹ signaling support for the UNAMA SR-SG. Similarly, Daniel Korski has written that “The position of the UN Special Representative of the Secretary-General (SRSG) should be upgraded to a ‘Super Envoy’ role, with the EU and NATO signaling full support for this person’s leadership, and either mandating the person simultaneously or each contributing a Deputy Envoy.”¹⁹⁰

¹⁸⁶ Examples include the U.S. Operation Enduring Freedom forces that operate under a different mandate, as well as unity of command challenges within ISAF.

¹⁸⁷ Center for the Study of the Presidency, *Afghanistan Study Group Report*, 11.

¹⁸⁸ Michael E O’Hanlon and Ömer Taşpinar, *A Tighter Command is Needed in Afghanistan*, April 10, 2009. http://www.brookings.edu/opinions/2009/0410_afghanistan_ohanlon.aspx (accessed November 20, 2009).

¹⁸⁹ Isabelle Jaques, “Afghanistan: Beyond Bonn,” May 2005. <http://www.fco.gov.uk/resources/en/pdf/3036656/beyond-bonn> (accessed November 20, 2009). 21.

¹⁹⁰ Korski, “Europe’s Forgotten War,” 4. Korski states that “Like the ‘Pillar Heads’ in the UN mission in Kosovo, they would work for the UN SRSG but remain in charge of their respective organisations to avoid the cumbersome legalities affecting secondments. However, all EU and ISAF civilian staff, including policing and justice personnel and staff in PRTs, as well as police training staff from the Combined Security Transition Command in Afghanistan (CSTC-A), would be brought under the ‘Super Envoy.’”

Michael O'Hanlon and Ömer Taşpınar support the idea that “an international aid coordinator...should be named – somewhat along the Paddy Ashdown model from Bosnia in the 1990s,” noting that “The current U.N. coordinator does not have nearly enough control over most funds to play this role.”¹⁹¹ Daniel Korski provided a seemingly contradictory opinion with his statement that “Afghanistan in 2007 is not in need of a Bosnia-style High Representative...[as such a] concentration of power over the international effort carries risks. But, as *The Economist* notes, sticking to the present course in Afghanistan would be even more hazardous.”¹⁹² This latter statement has implications for the EU in deciding on a unified donor coordination strategy in Afghanistan. The choice to relinquish national or European Commission control of a portion of donor resources would undoubtedly be a difficult one, but it may be necessary to achieve greater success in development and reconstruction efforts.

4. EU Views on the “Super Envoy” Solution

Much of the literature within EU development agencies points to the UNAMA “super envoy” option. However, the EU institutions and member states have not been able to effectively gather behind the UNAMA option. In a 2008 report, the UK Department for International Development (DfID) expressed disappointment that “sufficient international momentum could not be gained for the appointment of a high level joint UN, NATO, EU coordinator for Afghanistan” and further asserted that, “if the international community will not agree to the appointment of a super envoy, ways must be found to ensure that the role of the UN Special Representative is properly resourced, and that the incumbent has sufficient weight in dealing with partner countries.”¹⁹³ However, neither DfID nor any other national EU development agency has come up with a realistic way to support this plan. Serge Michailof has aptly summed up the prevalent view with the statement that, “Since there is a broad agreement to entrust this overall coordination responsibility to the UN, it now seems that the best option would be that

¹⁹¹ O'Hanlon and Taşpınar, *Tighter Command*.

¹⁹² The Economist, “Must They Be Wars Without End?” *The Economist*, 13 Dec 2007, cited in Korski, “Forgotten War,” 30.

¹⁹³ House of Commons, *Reconstructing Afghanistan*, 9.

[the UNAMA SR-SG] Eide receives the resources and a clear mandate to drive the aid agenda and impose discipline and coherence to donor efforts.”¹⁹⁴ Yet, this “broad agreement” has not translated into action on the part of the EU and its member states.

Conversely, the EU professional development literature does not, for the most part, propose an EU alternative to the UNAMA “super envoy” solution. The majority of EU member state development agencies profess support for UNAMA as opposed to a European coordinator, although Daniel Korski has recommended the elevation of the Office of the Special Representative of the European Union to Afghanistan to encompass additional responsibilities.¹⁹⁵ The evident lack of practical support for the UNAMA option would seem to indicate that EU member states might not in practice support an EU “super envoy” option either, without a pressing rationale.

5. “Stay the Course”: Alternatives to the “Super Envoy” Solution

Development strategies currently pursued by the EU donors follow the Afghan plan—the Afghanistan National Development Strategy. However, this strategy has a number of problems, besides the ample empirical evidence that donor coordination lacks effectiveness in many areas. For example, this strategy disregards the possibility that the ANDS and its implementing mechanisms, the Provincial Development Plans, do not constitute a cohesive and effective plan. This possibility is examined in Chapter IV. Another issue is that, although the ANDS examines the aid coordination mechanisms in detail, most of its recommendations and proposals to improve donor coordination do not significantly depart from the current aid coordination structure—which has proved inadequate to date.¹⁹⁶

¹⁹⁴ Michailof, “Seven Capital Sins,” 4.

¹⁹⁵ Korski, “Europe’s Afghan Surge,” 15. This was done in 2009, as discussed in Chapter II and later in this chapter. See notes 122 and 229.

¹⁹⁶ Islamic Republic of Afghanistan, “Afghanistan National Development Strategy 1387–1391 (2008–2013) A Strategy for Security, Governance, Economic Growth and Poverty Reduction,” *ANDS Documents*. September 27, 2008. http://www.ands.gov.af/ands/ands_docs/index.asp (accessed November 30, 2009). 155–164.

The coordination mechanisms that are in place and discussed in the Analytical Framework chapter of this thesis (Chapter II) are supported in the ANDS. They provide some basis for donor coordination, and thus could support an argument for staying the course by building on these processes.¹⁹⁷ However, neither the Government of the Islamic Republic of Afghanistan (GIROA) nor UNAMA, as co-chairs of the JCMB, have the ability to make binding decisions at the national or sub-national level to improve donor coordination. The UN Secretary General noted this in his 2009 report:

This model — leadership by the government of Afghanistan in setting policies and defining programmes, followed by Joint Coordination and Monitoring Board approval and ensuing donor support — has become the template for aid coordination. Donors, however, often remain insufficiently flexible, preferring to plan future funding decisions based on current priorities, rather than adjust their allocations quickly.¹⁹⁸

The inflexibility of donors is an issue noted in the ANDS and other documents, and it is certainly a key contributor to aid ineffectiveness.

There are other methods to improve donor coordination that the EU could adopt within the current framework. Various actors in Afghanistan, notably those operating at the sub-national level, have become disillusioned with the lack of donor coordination at the national and international level and have attempted to implement scaled donor coordination strategies. For example, ISAF is attempting to implement a Regional Command South (RC-South) Civil-Military Coordination Cell in order to “ensure that the localized effects of PRTs in RC-South are complementary to one another and translate

¹⁹⁷ Human Security Report Project, *JCMB Final Report: 7th JCMB Meeting, 5–6 February 2008*. Afghanistan Conflict Monitor, <http://www.ands.gov.af/ands/jcmb/site/src/Meeting%20and%20Documents/-seventh%20JCMB/files/II.%20JCMB%20VII%20Reports/02-JCMB%20Final%20Report-%20Post%20JCMB%20Meeting%20-%20Eng.pdf> (accessed November 20, 2009). 7. The report notes that “The Aid Effectiveness Working Group, the Consultative Groups (CG) Mechanism, the JCMB, and the Afghanistan Development Forum (ADF) all provide opportunities for coordination between the Government and its development partners.”

¹⁹⁸ United Nations, “Report of the Secretary-General on the Situation in Afghanistan and its Implications for International Peace and Security,” *Afghanistan Conflict Monitor – Key Documents*. September 22, 2009. http://www.afghanconflictmonitor.org/UNSC_S2009475.pdf (accessed November 20, 2009). 10.

into overall regional stability.”¹⁹⁹ The ISAF plan is to “Request GIRoA and international community support and backing for integrated regional governance, reconstruction, and development priorities.”²⁰⁰ Still, the lack of any binding authority to direct activities is apparent. A more comprehensive example of this type of regional planning and coordination, which the EU could emulate, is represented by the U.S. government interagency plan called “Nangarhar Inc,” and is examined in Chapter IV.

Another possibility is to continue to pursue an approach initiated by Task Force Bayonet in RC-East in 2007–2008, in which the brigade staff and the Nangarhar PRT began a plan of “district mapping” in order to account for all reconstruction projects being pursued in a province, with all the relevant Afghan, NGO, and other actors participating. The initial conference, held on June 19, 2008 in the city of Jalalabad, Afghanistan, was the beginning of a plan coordinated by the author in conjunction with the Nangarhar PRT.²⁰¹ ISAF subsequently adopted the plan, which was mentioned by the UN Secretary-General in his 2009 report on the situation in Afghanistan as a “positive development.”²⁰²

¹⁹⁹ United States. Department of Defense, “Progress toward Security and Stability in Afghanistan,” January 2009. http://www.defenselink.mil/pubs/pdfs/OCTOBER_1230_FINAL.pdf (accessed November 20, 2009). 29.

²⁰⁰ Department of Defense, “Security and Stability,” 29.

²⁰¹ The plan was an initiative of Task Force Bayonet (the 173rd Airborne Brigade and attachments) in 2008. The plan’s formulation was headed by the author and conducted with the Nangarhar PRT in the initial stages. The first conferences highlighted the issue that some NGOs would be reluctant to participate in an endeavor associated with military forces, although it was emphasized that the conferences and the implementation of the plan would be facilitated by the military and the PRT (and its technical resources) in the initial phases only. The intent was for the Afghans to take ownership of the process as soon as possible. In view of the UN Secretary General’s statement, it seems that the plan has developed sufficiently to be effective.

²⁰² United Nations, “Report of the Secretary-General on the Situation in Afghanistan,” 11. The Secretary General categorized this initiative as “an International Security Assistance Force-led geographic database of reconstruction and development projects across the country, merging data from the ministries of the Government of Afghanistan, donors, non-governmental organizations and provincial reconstruction teams across the full spectrum of Afghan National Development Strategy sectors.”

While these last two examples represent noteworthy attempts to improve donor coordination by actors operating at the sub-national level, they do not address the fundamental challenge of improving EU donor coordination in Afghanistan. No single agency has the ability to direct EU donor resources in a binding manner that would enhance donor coordination at all levels.

C. SOLUTIONS

1. What Needs Fixing? Examples of Donor Coordination Challenges in Afghanistan

UNAMA's SR-SG for Afghanistan, Kai Eide, has stated that "some efforts by international donors duplicate each other."²⁰³ This is almost certainly an understatement. Šárka Waisová was referring to Afghanistan when she stated that "Actors involved in post-conflict reconstruction are unable and often unwilling to coordinate their reconstruction efforts, which results in overlapping and duplicating projects and [a] waste of both energy and financial resources."²⁰⁴ DfID noted, in the period prior to its February 2008 report to the UK House of Commons, the prevalence of "[in]sufficient collaboration on project work, which inevitably leads to duplication or incoherence of activities by different donors."²⁰⁵ The author termed these overlapping and duplicative endeavors "project fratricide," and has noted that lack of donor coordination in the Eastern Region of Afghanistan (defined by the provinces of Nangarhar, Laghman, Kunar, and Nuristan) has led to numerous instances of this phenomenon.²⁰⁶

As an example, in February 2008, a representative from the Afghan Ministry of Rural Rehabilitation and Development's (MRRD) National Area-Based Development Program (NABDP) noted that the GIRoA had obtained \$100,000 to construct a mid-sized

²⁰³ Eide quoted in Margesson, *United Nations Assistance Mission in Afghanistan*, 14.

²⁰⁴ Waisová, "NGO-Government Relationship," 83.

²⁰⁵ T. Noetzel and S. Scheipers, *Coalition Warfare in Afghanistan: burden sharing or disunity?* Chatham House, October 2007, cited in House of Commons, *International Development Committee – Fourth Report*, February 14, 2008. <http://www.publications.parliament.uk/pa/cm200708/cmselect/cmintdev/65/6508.htm#a14> (accessed November 20, 2009). 23.

²⁰⁶ Spencer, "Nangarhar Inc," 38.

dam project to improve water management for agricultural use in Nangarhar Province. When the MRRD's contractor visited the proposed location to conduct a site survey, the contractor discovered that an NGO was constructing a similar project with \$30,000 in funds at that location, but the project was not being completed on a scale that would provide a permanent solution. This representative also informed the author that \$2.5 million had been provided by the Asian Development Bank, and was being used primarily to build gabion walls and check dams in Nangarhar Province.²⁰⁷ However, a large number of these small-scale projects are washed away by floods in the absence of a large-scale watershed management plan.²⁰⁸ Year after year, uncoordinated development agencies rebuild these projects while a larger project, such as a comprehensive watershed management plan with large dams and an erosion control design, would create a permanent solution.

In some cases, the challenge comes from the failure of donor agencies to coordinate with the GIRoA itself, and not solely from a lack of coordination with other donors. Donors have built schools without coordination with the Afghan Ministry of Education (MoE). Some of these schools have remained empty due to the lack of teachers, books, and school supplies, which the MoE did not agree to provide in those areas. It is not unusual for these "schools" to be converted into stables for animals or employed for some other purpose unrelated to education. As further evidence of the coordination challenges in this area, Daniel Korski points out that "the Danish government is investing half of its assistance to Helmand province in schools, even though the local population cannot defend them from Taliban attack."²⁰⁹

2. The "Super Envoy" Concept

The years of coordination challenges in Afghanistan have resulted in action on the part of some nations participating in the intervention in Afghanistan. In January 2009, the United States appointed Richard Holbrooke as the U.S. special envoy to Afghanistan and

²⁰⁷ Coordination Conference, Afghanistan, February 13, 2008. Gabion walls and check dams are structures used to control erosion along waterways.

²⁰⁸ Spencer, "Nangarhar Inc," 36.

²⁰⁹ Korski, "Shaping Afghanistan's Surge," 8.

Pakistan. The following month, Germany and the United Kingdom followed suit with Bernd Mützelberg and Sherard Cowper-Coles, respectively, as special envoys for Afghanistan and Pakistan. In March 2009, France continued the trend by appointing Pierre Lellouche in a similar role.²¹⁰ According to the U.S. government's January 2010 *Afghanistan and Pakistan Regional Strategy*, "28 countries and international organizations, including the most active diplomatic, financial, and military actors in the region, have appointed Special Representatives for Afghanistan and Pakistan."²¹¹ This highlights the growing importance of the intervention in Afghanistan. While the duty description of these statesmen is ostensibly much more comprehensive than development and reconstruction, it is telling that governments saw the need to appoint someone to synchronize their national strategies in the face of the coordination challenges associated with the GIRoA, ISAF, and the UN. Indeed, an EU "super envoy" position might result in a replication of the scope of these duties, allowing that person to coordinate other non-combat-related efforts for the EU, such as governance capacity-building. However, this thesis focuses on the donor coordination aspect.

To address donor coordination for EU development activities, two "super envoy" possibilities are apparent. First, the EU could formally support the UNAMA SR-SG as a "super envoy," giving him control over a portion of EU donor funds as well as the ability to direct certain development and reconstruction projects. Second, an EU individual or agency could be designated with the same authority. Both possibilities address the fact that there is a military command with the authority to direct solutions in the security line

²¹⁰ Reuters, *UK Names New Envoy for Afghanistan, Pakistan*, February 9, 2009. <http://www.reuters.com/article/newsMaps/idUSTRE51848U20090209> (accessed November 21, 2009); Deutsche Welle, *Germany Appoints Special Envoy for Afghanistan and Pakistan*, February 2, 2009. <http://www.dw-world.de/dw/article/0,,4030611,00.html> (accessed November 21, 2009); Reuters, *France Appoints Envoy for Afghanistan, Pakistan*, March 3, 2009. <http://www.reuters.com/article/latestCrisis/-idUSL3881705> (accessed November 21, 2009). In June 2009, the mandate of the EU Special Representative for Afghanistan was adjusted to encompass Pakistan as well. This may have been in response to the appointment of these special envoys. Human Security Report Project, "Council Joint Action 2009/467/CFSP," *Afghanistan Conflict Monitor – Key Documents*. June 16, 2009. <http://eur-lex.europa.eu/LexUriServ/-LexUriServ.do?uri=OJ:L:2009:151:0041:0044:EN:PDF> (accessed November 22, 2009). L151/41.

²¹¹ United States. Department of State, "Afghanistan and Pakistan Regional Stabilization Strategy," January 2010. <http://www.state.gov/documents/organization/135728.pdf> (accessed January 24, 2010). 29.

of effort for the EU nations contributing military forces in Afghanistan (the ISAF commander), but a civilian equivalent does not exist for non-security-related efforts.

a. Benefits: How Could a “Super Envoy” Help?

An official operating at the top levels of donor activities in Afghanistan (working with international donors as well as Afghan Ministers) could in principle address many of the historical coordination issues. A 2009 U.S. Department of Defense report on Afghanistan asserts that “By improving coordination among international contributors, the SRSB position has the potential to help avoid duplication of effort.”²¹² However, an EU official, with the same ability to direct EU donor resources, whose office was integrated into UNAMA at all levels might have a great potential to improve EU donor coordination as well.

Daniel Korski supports the possibility of the EU (as well as NATO) contributing a deputy envoy to UNAMA.²¹³ Korski, perhaps the strongest proponent of a “super envoy” solution in published works on Afghanistan, notes that the national governments of the EU “have ignored the key lesson of the Balkans: a successful international intervention requires unity of purpose, strategy, and command...[and resolving] the problems of Afghanistan... is likely to remain impossible as long as... the EU fails to unify its own programmes and speak with one voice.”²¹⁴ Korski observes that in Bosnia NATO, the EU, and the Office of the High Representative (OHR) were all following different strategies, which were unified under “a detailed, prioritised civil-military plan,” that is, the OHR’s Mission Implementation Plan.²¹⁵ The EU’s adoption of a “super envoy” strategy would derive directly from these historical lessons, which are quite applicable in Afghanistan, despite the fact that the two countries are quite different.

²¹² Department of Defense, “Stability in Afghanistan,” 63.

²¹³ Korski, *Europe’s Forgotten War*, 4.

²¹⁴ Daniel Korski, *Europe’s Afghan test – Open Democracy*, January 22, 2008. http://www.opendemocracy.net/article/future_europe/europe_afghan_test (accessed November 20, 2009).

²¹⁵ Daniel Korski, *From Bosnia to Afghanistan*, December 17, 2007. <http://www.guardian.co.uk/commentisfree/2007/dec/17/frombosniatoafghanistan> (accessed November 20, 2009).

Finally, besides addressing the challenges associated with the donor activities of the EU (through the European Commission) and the EU member states, the “super envoy” option could also address donor problems with certain NGOs and elements of ISAF. Successful implementation of the “super envoy” strategy could provide an example for NGOs and ISAF to follow, and the improved coordination that an EU “super envoy” could bring could also affect NGOs funded by EU member state development agencies that operate in Afghanistan, as well as the ISAF Provincial Reconstruction Teams that are led and funded by EU member states.

b. Challenges in Implementation

Although the concept of a “super envoy” to improve donor coordination within the EU is attractive, the implementation of such a strategy is problematic. Either version of the “super envoy” plan would require a proposal to be drafted by the European Commission, in close cooperation with the EU member states, for approval by the European Council, and perhaps ratified by the President of the European Council, Herman Van Rompuy. No other method would have a binding effect on the member states of the European Union. The largest single point of contention would most likely be the loss of control over a portion of donor funds and projects by the EU member states and the European Commission, whether to a supranational EU official or to the UNAMA SR-SG. This contention would be understandable, but a 2008 report on Afghanistan by the Center for the Study of the Presidency made a pertinent point: “While it cannot be expected that countries will completely give up control on how their resources are spent, there needs to be a mechanism that provides some power to the coordinator or he will not be able to adequately perform the task at hand.”²¹⁶ The questions at this point seem to be, what amount of control of donor resources should be relinquished, what amount will be willingly surrendered by the member states of the EU, and what would be the distribution between the European Commission’s and the EU members states’ donor funds?

²¹⁶ United States. Center for the Study of the Presidency, *Afghanistan Study Group*, http://www.thepresidency.org/-pubs/Afghan_Study_Group_final.pdf (accessed November 20, 2009). 19.

Perhaps the most feasible design at the outset (not least in order to facilitate the approval of the plan) would be to determine which aspects of the European Commission's Multi-annual Indicative Plan (MIP) for Afghanistan would best be assumed by UNAMA to facilitate donor coordination on a small scale at the outset. Areas of the MIP that focus on the achievement of the UN's Millennium development goals, such as Rural Development Social Development, and the Health Sector are likely starting points. Additionally, initial recommendations on the scope of funds to "transfer" to UNAMA control would likely be premature until consultations with the EU member states revealed the level of loss of control those actors would be willing to accept for the possibility of improved donor coordination within the EU. Especially in the UNAMA option, it would certainly be possible for the EU to stipulate that the EU funds relinquished must be utilized in areas of EU focus (according to the EU's MIP or in areas where EU PRTs operate). Yet, more than a general stipulation to that end would be counterproductive and defeat the purpose of the plan. Every restriction placed on funds set aside for a super envoy's use and coordination would significantly reduce the effectiveness of the EU plan as an example for others to emulate.

However, a simple relinquishment of funds is not sufficient. EU member states must be willing to accept the direction of a "super envoy" in the deconfliction of certain reconstruction and development projects. That is, the "super envoy" must be able to direct some EU donors to fund and execute specific projects, while assigning separate projects to other EU donor agencies to prevent project duplication and overlap. An EU "super envoy" would be able to take into account the preferences and capabilities of the member states and their implementing partners and NGOs. In the UNAMA option, a European Union Deputy SR-SG would ideally provide this same input to the UNAMA SR-SG. The scope of this control over EU projects would almost certainly be a major point of discussion by EU member states in the creation of this plan.

c. Staffing

Both options, save for the suboptimal plan of appointing an EU envoy not integrated into UNAMA, would entail the provision of staffing support to UNAMA,

whether directly, or under an EU Deputy SR-SG. This would address the widely recognized understaffing problem associated with UNAMA.²¹⁷ The Afghanistan Study Group's recommendation that "the international coordinator be assigned a joint professional staff representing a wide range of the major partnering countries and organizations in Afghanistan" could be tailored to the EU by selecting a representative staff to support the plan as implemented.²¹⁸

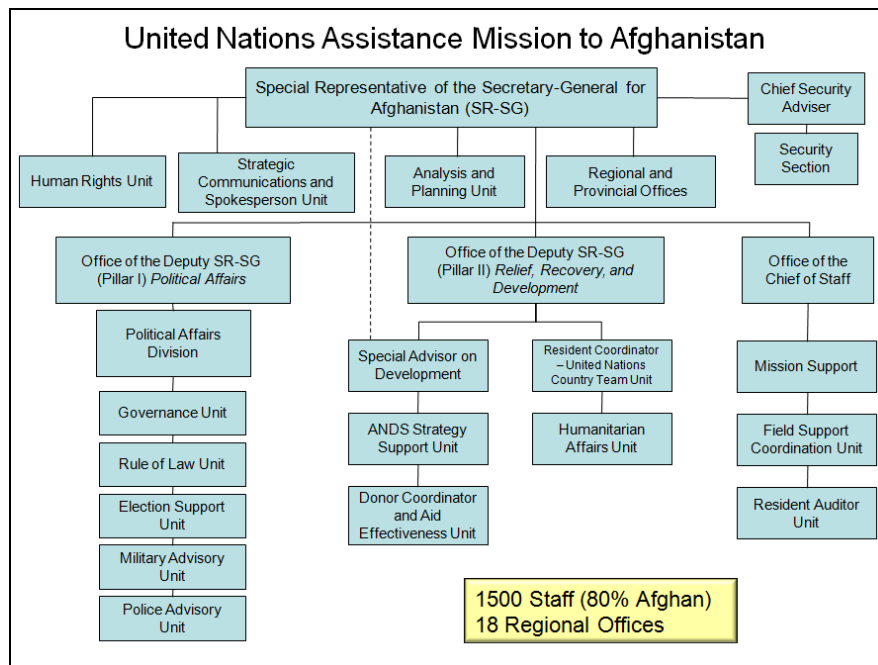


Figure 15. UNAMA Organization Chart²¹⁹

²¹⁷ United States. Department of Defense, "Progress toward Security and Stability in Afghanistan," January 2009. http://www.defenselink.mil/pubs/pdfs/OCTOBER_1230_FINAL.pdf (accessed November 20, 2009). 63. This report states that "As of November 2008, the office of the SRSg has been hampered with inadequate staffing and a lack of authority." Ronald E Neumann, *Implementation: A New Approach to Multinational Coordination in Afghanistan*, April 2008. <http://www.stanleyfoundation.org/resources.cfm?id=293> (accessed November 20, 2009). 6. Neumann, a former ambassador to Afghanistan, observed that "A new superenvoy [Kai Eide] would help only if he understands how much of his task lies in detailed work in Kabul and has the key staff to improve performance." See also Michailof, "Seven Capital Sins," 4. Michailof notes that the SR-SG's "unit is understaffed and does not have the technical capacity to...enforce discipline among the donor community."

²¹⁸ Center for the Study of the Presidency, *Afghanistan Study Group*, 19.

²¹⁹ Margesson, *United Nations Assistance Mission in Afghanistan*, 16; United Nations, *United Nations Assistance Mission to Afghanistan*, <http://unama.unmissions.org/Default.aspx?tabid=1748> (accessed November 20, 2009). Q9.

3. UNAMA Option

As a United Nations entity, UNAMA has a clear basis of authority for conducting donor coordination operations in Afghanistan. However, mandates do not always translate into reality. Some observers have noted that UNAMA has recently shied away from the role of coordinator. Indeed, rhetoric promoting UNAMA as a donor coordinator within United Nations reports seems to have decreased between 2002 and 2008. This may have been due to the lack of support from donors to accept UNAMA in that role. The situation seems to have changed in 2008. Rhoda Margesson notes that “under its recent mandates [UNAMA received] a new emphasis on expanding that [coordination] role.”²²⁰ The European Commission’s “State of Play” report reinforces that idea with the statement that “UNAMA has been reinforcing its capacity for donor coordination, although difficulties remain.”²²¹ Further, Rhoda Margesson notes that “Significantly, U.N. Security Council Resolution 1806 (2008) expanded the mandate to include a ‘super envoy’ concept that would represent the United Nations, the European Union, and the North Atlantic Treaty Organization.”²²² This increased emphasis on donor coordination seemed to be confirmed at a July 2009 press conference, when Mark Ward, the Special Advisor on Development to the UNAMA SR-SG, stated that “UNAMA hired me to lead the donor coordination effort in Afghanistan.”²²³

Indeed, UNSCR 1868 (2009) provides as a key area of UNAMA’s work to “promote...more coherent support by the international community to the Afghan government...[including] coordination of the assistance provided by international donors and organizations.”²²⁴ Here, perhaps the most telling word is “promote.” As the last

²²⁰ Margesson, *United Nations Assistance Mission in Afghanistan*, 13. Margesson also notes that “The Declaration of the International Conference in Support of Afghanistan, which took place in Paris in June 2008, also underlined UNAMA’s role in leading all aspects of civilian coordination” (Margesson 1).

²²¹ European Commission, “Afghanistan: State of Play January 2009,” http://ec.europa.eu/europeaid/where/asia/documents/afgh_state_of_play_january_09_en.pdf (accessed October 18, 2009). 3.

²²² Margesson, *United Nations Assistance Mission in Afghanistan*, 3.

²²³ United Nations, *United Nations Assistance Mission in Afghanistan – Press Conferences*, July 6, 2009. <http://unama.unmissions.org/Default.aspx?tabid=1761&ctl=Details&mid=1892&ItemID=4582> (accessed November 21, 2009).

²²⁴ United Nations, United Nations Security Council Resolution 1868, 4.

seven years in Afghanistan have shown, UNAMA's ability to *promote* coordination has met with mixed success. There is no consensus or agreement providing UNAMA with the power to effectively *direct* coordination efforts. Barnett Rubin, Humayun Hamidzada and Abby Stoddard acknowledge this difficulty: "UNAMA has to rely on the voluntary willingness of the civilian actors to cooperate because the UN did not put obligations on the participating actors."²²⁵ This thesis examines the possibility of the European Union and its member states willingly accepting these obligations. Specifically, this would entail the European Council, and perhaps the newly appointed President of the European Council, formally supporting the ability of the UNAMA SR-SG to make binding decisions regarding a significant portion of EU donor funds and projects.

a. *Considerations for Implementation*

As noted, UNAMA currently does not possess the staff necessary to effectively manage donor coordination efforts. In the case of the European Union, providing UNAMA with appropriate staff levels would offer two benefits. First, it would address the challenges that UNAMA has encountered with insufficient resources, and second, it would provide the European Union with a modicum of oversight on the use of its resources.

b. *Challenges with Implementation*

In this scenario, both the EU member states as well as the European Union (through the Commission) would probably lose control over donor resources, as opposed to the EU option, in which the EU would still maintain a relatively high level of control over its "supranational" European Commission funds. This might not address one of the root causes for reluctance by EU member states to embrace a unified strategy, considering that UNAMA could use EU donor funds in a manner that might be politically

²²⁵ Barnett R. Rubin, Humayun Hamidzada, and Abby Stoddard, *Afghanistan 2005 and Beyond: Prospects for Improved Stability Reference Document*, Clingendael: Netherlands Institute of International Relations, 2005, <http://www.reliefweb.int/library/documents/2005/cling-afg-apr05.pdf> (accessed November 28, 2007), cited in Andreas Kuehne, "Scrutinizing and Assessing the Performance of the German and U.S.-Led Provincial Reconstruction Teams in Afghanistan," (Thesis, Naval Postgraduate School, June 2008). 33.

sensitive in the EU. Additionally, this option would not necessarily ensure the establishment of a formal EU staffing structure in UNAMA, as the details would depend on the willingness of UNAMA to accept this support.

4. EU Option

A 2008 United Kingdom International Development Committee report refers to an unsuccessful effort to appoint a “high-level joint UN, NATO, EU coordinator for Afghanistan,”²²⁶ leaving a void in which the EU donor coordination issue remained unresolved. An alternative to the formal support of the UNAMA SR-SG as a “super envoy” would be the appointment of a European Union “super envoy.” In support of this idea, a January 2009 report by Julian Lindley-French recommended that “The European Union should also appoint a senior representative in Afghanistan to coordinate non-military efforts.”²²⁷ Although this possibility is not widely discussed in the relevant literature, it is worthy of further analysis.

a. Considerations for Implementation

The first challenge with this option is determining how to select and support the EU “super envoy.” There are a number of existing offices that could be “elevated” to this post. However, consideration should also be given to creating a separate position and support structure.

(1) The most obvious option would be the new “double-hatted” position of the EU Special Representative for Afghanistan (EUSRA) and the head of the European Union’s delegation in Kabul. On February 22, 2010, the European Union High Representative for Foreign Affairs and Security Policy, Catherine Ashton, announced her choice of former Lithuanian foreign minister Vygaudas Ušackas to assume this

²²⁶ House of Commons, *Reconstructing Afghanistan*, 9.

²²⁷ Julian Lindley-French, “Enhancing Stabilization and Reconstruction Operations,” *Center for Strategic and International Studies*. January 22, 2009. <http://csis.org/publication/enhancing-stabilization-and-reconstruction-operations> (accessed November 20, 2009). x–xi.

position.²²⁸ Ušackas will benefit from the new mandate for the EUSRA, which was recently expanded to encompass Pakistan. The new mandate empowers this position to “contribute to the implementation of the EU-Afghanistan Joint Declaration and the Afghanistan Compact.” This includes goals for economic and social development.²²⁹

(2) A second option might be to empower a representative of the EuropeAid Director General as an EU “super envoy” for Afghanistan. The EuropeAid Director General “manages [worldwide] EU external aid programmes.” Koos Richelle currently serves in this position under the purview of the “Development” Commissioner Andris Piebalgs and the President of the European Commission, José Manuel Barroso.²³⁰ Although the current EuropeAid Director General’s office might be in a position to assume the duties of an EU “super envoy,” it would probably involve some personnel movements from Brussels to Kabul. Also, as manager of all of the European Commission’s external aid programmes, this office may not have a knowledge of Afghanistan-specific issues as extensive as that of some EU representatives currently operating in Afghanistan. Finally, given the political nature of this position, an insufficiently empowered coordinator would encounter significant challenges in the conduct of his or her duties. However, a seasoned EuropeAid representative under Richelle or Piebalgs, with an adequate support staff, could be a viable option.

(3) Other options might also be considered. Another possibility would involve the appointment of a person in a newly created position—that of an EU “super envoy” for development. In the context of Afghanistan, there are various ways to integrate a position of this type. Since the European Commission has a seat on the Joint

²²⁸ Toby Vogel, *Ashton to Name New Afghanistan Envoy*, January 29, 2010, <http://www.europeanvoice.com/article/2010/01/ashton-to-name-new-afghanistan-envoy/67026.aspx> (accessed March 2, 2010); Toby Vogel, *Lithuanian appointed EUSR to Afghanistan*, February 25, 2010, <http://www.europeanvoice.com/article/imported/lithuanian-appointed-eusr-to-afghanistan/67243.aspx> (accessed March 2, 2010).

²²⁹ Human Security Report Project, “Council Joint Action 2009/467/CFSP,” *Afghanistan Conflict Monitor – Key Documents*, June 16, 2009, <http://eur-lex.europa.eu/LexUriServ/-LexUriServ.do?uri=OJ:L:2009:151:0041:0044:EN:PDF> (accessed November 22, 2009). L151/41.

²³⁰ European Commission, *EuropeAid – Development Through Multi-stakeholder Co-operation*, September 3, 2009, http://ec.europa.eu/europeaid/who/index_en.htm (accessed February 9, 2010). The EuropeAid Director General’s relationship with the newly created position of the EU High Representative for Foreign Policy, held by Catherine Ashton, is not yet clear.

Coordination and Monitoring Board, as well as in various consultative groups,²³¹ it would be possible to simply replace these positions with the EU coordinator and his or her representatives. However, this might amount to overlaying a new bureaucracy on top of an existing one, with an additional requirement to create a supporting staff for this position. An EU “super envoy” appointed in this manner would ideally be fully integrated with UNAMA.

It should be noted that in all the EU “super envoy” possibilities, operating outside of UNAMA would prevent EU donor coordination from rising to its fullest potential. One possibility would be to integrate the EU coordinator into the UNAMA structure as a deputy SR-SG for the European Union, or even in a position under the Deputy SR-SG for Relief, Recovery, and Development, in a position commensurate with the Special Advisor on Development to the UNAMA SR-SG (see Figure 16). This would differ from the same position in the UNAMA option in that, in this option, the EU representative would have the ability to direct the EU funds and projects in coordination with the UNAMA SR-SG, instead of giving the SR-SG control with the EU representative serving in an advisory capacity only.

²³¹ European Commission, “State of Play January 2009,” 3.

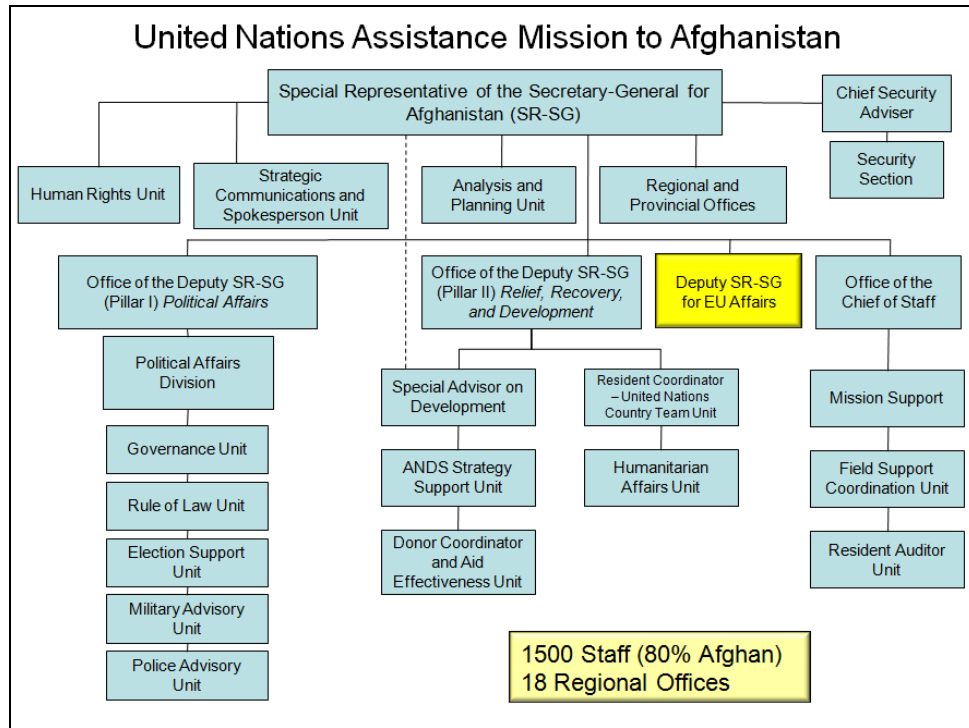


Figure 16. Possible Integration of a Deputy SR-SG for EU Affairs²³²

b. Challenges With Implementation

As compared to the UNAMA option, this option would not necessarily require the European Commission to relinquish control of its donor resources and projects. It realistically would require only the EU member states to do so. However, since the main points of contention are likely to be raised by the members states themselves, due to their disparate objectives, this point would probably be of lesser import. Also, the EU option possibilities would require the creation of an additional bureaucracy, whether as a supplement to a current office, or in support of a new position. Finally, there is the question of how to fit a EU “super envoy” into the UNAMA structure in a manner that would be most effective, but would still be acceptable to UNAMA—assuming UNAMA would accept the integration of this position at all. Although from the standpoint of the EU, the creation of an additional deputy SR-SG for the coordination of

²³² Margesson, *United Nations Assistance Mission in Afghanistan*, 16; United Nations, *United Nations Assistance Mission to Afghanistan*.

EU donor activities would probably be the best option, UNAMA would probably prefer an EU envoy to work under the already-established Deputy SR-SG for Relief, Recovery, and Development (see Figure 17).

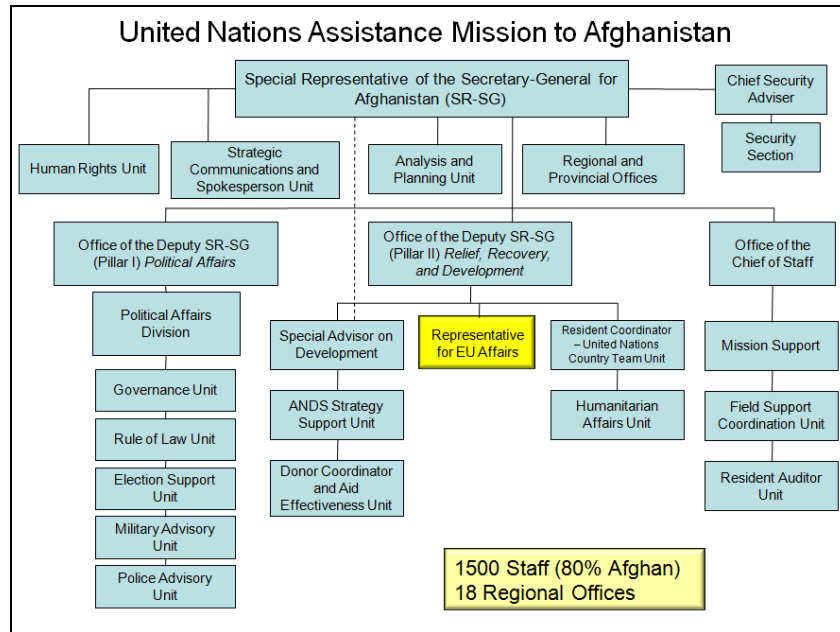


Figure 17. Possible Integration of a Representative for EU Affairs²³³

5. Comparison of Methods

Both the UNAMA and the EU options have a similar set of requirements. Both would require political (and to a lesser extent popular) support. Both would require a formal approval process to be prepared by the European Commission and approved by the European Council. Both would realistically require input from the EU member states in the crafting of the actual plan. Both would involve providing support staff and offices to UNAMA, whether in a formal or informal relationship (depending on the appointment by the UN of a deputy SR-SG for the EU). Both would require the relinquishment of control of a portion of EU donor resources and projects, either by the EU member states, or by both the member states and the European Commission. On the positive side, both

²³³ Margesson, *United Nations Assistance Mission in Afghanistan*, 16; United Nations, *United Nations Assistance Mission to Afghanistan*.

have the potential to diminish the likelihood of future examples of “project fratricide.” However, there would be some differences between the strategies, both in implementation and possible effects.

a. Advantages and Disadvantages of the UNAMA Option

The UNAMA option would present certain disadvantages for the EU. Relinquishing control of EU donor assets via the UNAMA option would require a greater leap of faith by the institutions and member states of the European Union, and thus might be more difficult to achieve politically. Contributing to that difficulty is potential donor inflexibility that could stem from firmly established funding mechanisms, relationships, and development activities. Inflexible EU donors might be more resistant to the UNAMA option. Further, a simple relinquishing of a portion of EU donor assets and control to UNAMA without an established agreement between the EU and the UN could cause consternation within the EU that funds could be utilized without any EU input. Although this would ostensibly be the intent of this process (to allocate funds and control to one capable agency that would use it in a coordinated manner), some political pitfalls could arise if the funds were used, or projects assigned, in a manner that aggravated political sensitivities within the EU—such as the previously mentioned coal and asbestos value chain examples.

However, an advantage to this method, even if the initial quantity of donor funds and level of project control relinquished were modest, is that the EU would be setting an example for donors to gather behind in a manner that would contribute to real and effective coordination by UNAMA. Under UNAMA control, projects would undergo the scrutiny of the JCMB and avoid narrow EU donor priorities that could contribute to aid ineffectiveness. This could address some of the root causes of the lack of EU coordination: (1) the tendency to choose projects based on current priorities, and (2) the effects of the disparate priorities of the EU donors. This option, in particular, has the greatest potential to reduce the detrimental effects of project duplication and overlap that contribute to aid ineffectiveness. The UNAMA option could lead other donors (notably the United States, which has not provided a leadership role in this matter) to follow suit

and create a lasting improvement in donor coordination. As a final consideration, this could serve as the first step toward implementing Daniel Korski's recommendation: the uniting of the EUPOL and European Commission offices under the UNAMA SR-SG, providing a unified European Union effort under that office.²³⁴ The UNAMA option would probably be the most politically and bureaucratically difficult for the EU to set in motion, but has the greatest potential to significantly increase EU aid effectiveness.

b. Advantages and Disadvantages of the EU Option

The EU "super envoy" option could have the added benefit of allaying some of the fears of the EU member states that EU funds might be used in a manner that would not reflect the priorities of the EU states, or that could offend political sensitivities within the EU. It could also be a more palatable solution for inflexible EU donors by permitting them greater influence to maintain their current development themes. Assuming that the EU envoy could be fully integrated into UNAMA, this course of action could also provide a stepping-stone toward the unification of the EUPol and European Commission offices under UNAMA, although in a manner that would provide more control for EU leaders. Further, in this option, the EU representative could respond to issues raised by EU member states. However, this might prove a drawback as well since caveats detract from effective aid coordination. This option has the potential to set a standard that other donors could follow, although the influence that the EU would retain over how the funds are utilized would reduce the strength of the statement by the EU in support of comprehensive donor coordination. In comparison to the UNAMA option, the EU option is less likely to significantly reduce EU aid ineffectiveness, but it may be politically easier to implement.

D. CONCLUSION

The challenge of improving donor coordination in Afghanistan is a difficult one. It is even more problematic in the EU, given its dynamics. All available options are fraught with obstacles and potential political pitfalls. In that light, and given the disparity

²³⁴ Korski, "Europe's Forgotten War," 5, 30.

in goals among the EU member states, the most viable course of action at the outset seems to be for the EU to pursue and adopt the EU “super envoy” option under the newly empowered office of the EUSR for Afghanistan. The EU should attempt to integrate this position into UNAMA as a Deputy SR-SG, and determine, with the EU member states, the level of control of EU donor funds and project control to relinquish to this office at the outset. The full weight of the EU behind a unified strategy would provide a compelling rationale for the United Nations to accept this adjustment to UNAMA’s structure. For a decision that would probably be politically charged, this option provides the potential to increase EU donor coordination, gives the EU member states and the European Commission the greatest relative amount of influence over their donor funds, does not represent such a departure from the current course that it would be likely to fail in the planning stage, and still provides an example that could be emulated by other donors in Afghanistan. Finally, it would be easier for the EU to later transition to the UNAMA option than it would be to try to wrest control of EU assets and projects back from UNAMA. Indeed, the latter possibility would be damaging on a number of levels.

However, neither of these options would constitute a course of action that would be impossible to implement given the dynamics of the EU and the situation in Afghanistan. Further, they both identify viable possibilities that might well become increasingly more attractive to the leaders of the EU and the EU member states as the effectiveness of their donor efforts continues to stagnate and becomes more costly, both in financial as well as political terms. If a tipping point is reached where the loss of control over some resources may be offset by the prospect of overcoming EU donor coordination challenges, the leaders of the EU could endorse one of the courses of action discussed in this chapter as a less costly alternative.

The greatest challenge to the “super envoy” plan is that the European Union possesses elements of “common goals or objectives” at the supranational level when the European Council approves plans, but the EU is also composed of member states with disparate objectives. Yet, Rhoda Margesson holds that “complete coordination may be both unnecessary and ineffective, especially when different organizations do not share

common goals or strategies.”²³⁵ Indeed, comprehensive coordination might objectively be an impossible task for the EU in Afghanistan, and the EU’s dynamics will probably prevent a complete uniting of goals and priorities. However, if a middle ground can be agreed on, even on a small scale, to permit the adoption of a “super envoy” plan that improves EU donor coordination in Afghanistan, it could set a powerful example. With the collective weight of the European Union behind a unified development strategy, the United States and the rest of the donor community in Afghanistan could not help but take notice.

²³⁵ Margesson, *United Nations Assistance Mission in Afghanistan*, 14.

IV. SUSTAINABLE ECONOMIC GROWTH THROUGH REGIONAL PLANNING

*Robust, sustained economic growth is essential for Afghanistan to secure peace and improve human development. First, it is a necessary condition to get out of deep poverty – and therefore the central element of a poverty reduction strategy....Thus the key development challenge for Afghanistan is to put in place the institutions, policies, and services that will generate sustained, broad-based economic growth.*²³⁶

A. INTRODUCTION

The European Union donors are struggling to define their development strategy in Afghanistan. To improve governance and stability in the region, reduce the flow of opium poppy products into the EU, and aid the Afghans in reducing the oppressive poverty levels in their country are all important goals of the EU donors' development programs. Certain facts suggest that the EU donors should be effective in Afghanistan. Given the EU's status as the world's largest aid donor,²³⁷ the EU's institutions and member states have a great deal of experience in implementing aid programs in developing countries and EU donors understand the value of effective, long-term development strategies.

Further, the European Union and its member states have the potential to influence development in Afghanistan on a scale beyond the reach of most other donors. Although the United States overshadows all other aid contributors in dollar amounts, the variety of skills and competencies represented by the EU donors is impressive. Given the tremendous capabilities that the EU donors possess, their development strategy, vision, and efforts in Afghanistan should be defined on a similarly grand scale.

²³⁶ World Bank, "Afghanistan: State Building, Sustaining Growth, and Reducing Poverty. A Country Economic Report," <http://siteresources.worldbank.org/INTAFGHANISTAN/News%20and%20Events/20261395/AfghanistanEconomicReportfinalversion909.pdf> (accessed January 25, 2010). 20.

²³⁷ European Commission, *External Cooperation Programmes*, September 3, 2009. http://ec.europa.eu/europeaid/who/index_en.htm (accessed October 18, 2009).

Yet, a number of factors limit the ability of the EU donors to pursue EU and Afghan goals to their fullest potential. The EU's collective status as the second largest aid contributor in Afghanistan provides its donors with the ability to undertake large-scale projects that are beyond the scope of most donors. However, the lack of a unified EU development strategy acts as a severe constraint on this potential. Another limiting factor stems from the fact that EU donor activities are driven, in large part, by the Afghanistan National Development Strategy (ANDS).²³⁸

Assisting the Afghans in pursuing their defined development and poverty reduction strategy is sensible. It is the model accepted by donors, it provides ownership to the Afghans, and it builds the Afghan capacity to eventually govern independently of foreign assistance. Further adding to the logic of this design is the fact that the ANDS is a comprehensive strategy that was created in close cooperation with international donors and experts. However, adherence to the ANDS without qualification could limit the potential of the EU donors to achieve the greatest possible positive effects. As discussed in Chapter II, the “bottom-up” mechanisms, the Provincial Development Plans (PDPs), that are supposed to achieve the strategic objectives of the “top-down” designed ANDS are unable to fully address its overarching objectives in their current form. The disconnect between the ANDS and the PDPs represents a significant challenge to donors. The EU donors in particular, through strict adherence to the ANDS mechanisms, are missing critical opportunities to harness existing development opportunities in Afghanistan that could dramatically reduce poverty in the long-term through sustainable economic growth.

²³⁸ European Commission, “EU Blue Book 2009,” 23; European Commission, “Country Strategy Paper: Islamic Republic of Afghanistan 2007–2013,” *Europa – External Relations*. 2007–2013. http://ec.europa.eu/external_relations/afghanistan/csp/07_13_en.pdf (accessed July 28, 2009). 3–4, 18–19; European Commission, *Multiannual Indicative Programme 2007–2010*, http://ec.europa.eu/external_relations/afghanistan/csp/mip_07_13_en.pdf (accessed December 6, 2009). 3–4; European Commission, “State of Play: July 2009,” *Europeaid*. (accessed December 6, 2009). http://ec.europa.eu/europeaid/where/asia/documents/afgh_state_of_play_july_09.pdf 2; United Kingdom. House of Commons, *International Development Committee – Fourth Report*, February 14, 2008. <http://www.publications.parliament.uk/pa/cm200708/cmselect/cmintdev/65/6508.htm#a14> (accessed November 20, 2009). 7; Aid Harmonization & Alignment, *Paris Declaration on Aid Effectiveness*, March 2, 2005. <http://www.aidharmonization.org/ah-overview/secondary-pages/editable?key=205> (accessed February 15, 2010). The *Paris Declaration on Aid Effectiveness* states that “donor countries will base their overall support on receiving countries’ national development strategies, institutions, and procedures.” It is signed by 18 of the 27 EU member states.

The EU donors are in an excellent position to address the disconnect between the ANDS and the PDPs by leveraging large-scale projects that harness Afghanistan's natural resources as well as potential and existing value chains.²³⁹ This can be accomplished with additional emphasis in certain ANDS sectors such as Economic Governance and Private Sector Development, Infrastructure and Natural Resources, and, to a lesser extent, the Agricultural and Rural Development sector pillars.²⁴⁰ To capitalize on the resources and value chains in the areas of Afghanistan where EU donors operate, these donors could integrate regional planning themes into their strategies that address large-scale projects.²⁴¹ Short-term direct poverty reduction projects and locally defined needs should not be neglected, but it is also crucial to “ensure that the links between national and local level planning are developed effectively,” according to the Organization for Economic Co-operation and Development's (OECD) Development Assistance Committee (DAC).²⁴² If poverty reduction is the ultimate goal, long-term and sustainable economic growth through regional planning should be a key part of EU donors' development strategies.

This chapter investigates the hypothesis that EU donors are in an excellent position to leverage value chains in Afghanistan that could generate sustainable economic growth, but are not doing so. The key questions addressed are: How can EU donors implement regional development strategies to increase EU aid effectiveness and create

²³⁹ A “value chain” describes a collection of natural and other resources within a certain geographic area, which if leveraged, could result in a combined economic and/or social return on investment that is equal to more than the sum of the parts.

²⁴⁰ Islamic Republic of Afghanistan, “Afghanistan National Development Strategy,” 22; World Bank, “Afghanistan Economic Update,” 3. The ANDS states that “80% of the population [relies] on some form of agriculture,” and the World Bank report indicates that “agriculture accounts for about 1/3 of the GDP” in 2008–2009. The *Agriculture and Rural Development* sector is applicable because Afghanistan relies heavily on its agricultural base for sustenance as well as agribusiness opportunities. In that light, the Agriculture portion of this sector pillar represents existing value chains that could be enhanced within the context of regional economic development. Although Rural Development projects could also affect economic growth, they typically represent direct poverty reduction projects that can be addressed by almost any donor in Afghanistan.

²⁴¹ “Regional strategies” is a term frequently used to refer to strategies that encompass more than one country, such as Afghanistan and Pakistan. In this thesis, however, unless noted otherwise, the term “regional strategies” refers to plans that encompass geographical regions inside Afghanistan, such as mineral resources that span more than one province.

²⁴² Organisation for Economic Co-Operation and Development, *The DAC Guidelines: Strategies for Sustainable Development*, Paris: OECD Publications Service, 2001.
<http://www.oecd.org/dataoecd/34/10/2669958.pdf> (accessed November 30, 2009). 33.

sustainable economic growth in Afghanistan? What are the advantages of regional strategies, and how can EU donors employ them for best effect?

This chapter identifies the importance of economic growth to effective development strategies and examines how regional strategies can generate sustainable economic growth. An analysis of the ANDS determines to what extent the Afghan government subscribes to the published conventional wisdom concerning economic growth policies. This is followed by an examination of the current activities of EU donors to determine to what degree their strategies are aligned with the stated elements of effective development strategies. Potential methods for the EU to adjust its current strategy, considering available natural resources and value chains, are examined using the “Nangarhar Inc” case study, followed by a discussion of the challenges involved in their implementation.

B. A BETTER WAY: THE CASE FOR INTEGRATING REGIONAL DEVELOPMENT STRATEGIES

1. What Does an Ideal Development Strategy Look Like?

It is important to emphasize that the ultimate goal of long-term sustainable economic growth in Afghanistan is to reduce the poverty of the people of Afghanistan, and this should not be regarded as an end in itself. Although short term projects for security effects can be useful, a distinction must be drawn, according to the ISAF Commander, General Stanley McChrystal, in August 2009: “Economic support to counterinsurgency is distinct from and cannot substitute for the longer-term development initiatives.”²⁴³ The United Nations’ Millennium Development Goals figure prominently

²⁴³ International Security Assistance Force, *COMISAF's Initial Assessment – Redacted*, Assessment, Kabul: Headquarters, International Security Assistance Force, 2009. 2–14, cited in Andrew C. Kuchins, Thomas M. Sanderson, and David A. Gordon, *The Northern Distribution Network and the Modern Silk Road: Planning for Afghanistan's Future*, CSIS Report, Washington D.C.: Center for Strategic & International Studies, December 2009. 3.

in the ANDS, and the OECD Development Assistance Committee's *Strategies for Sustainable Development* states that poverty reduction is an imperative in developing countries.²⁴⁴

EU donors do not plan their Afghanistan development strategies in a vacuum. A wealth of information and lessons learned is available to drafters of development strategies. However, this does not mean that “best practices” are followed, or even that there is agreement among donors about what the “best development practices” are in Afghanistan. For example, in a 2008 report, the United Kingdom's Department for International Development (DfID) stated that

Development agencies need to come to international agreements among themselves about what constitutes good practice for post-war reconstruction and development in fragile states, especially when they are working in partnership with the military. The development community needs a body of agreed principles every bit as much as the military.²⁴⁵

To define the most effective unified EU development strategy, the EU donors could follow the principles recommended by the OECD, which boasts 19 European Union member states as contributing members.²⁴⁶ The OECD's Development Assistance Committee (DAC) consults on development methods and assists in the coordination of donor resources for its members. The DAC also “seek[s]...new ways of doing business to increase not only the quantity, but also the quality of aid—in other words, to improve aid

²⁴⁴ OECD, *Strategies for Sustainable Development*, 11. Islamic Republic of Afghanistan, “Afghanistan National Development Strategy 1387–1391 (2008–2013) A Strategy for Security, Governance, Economic Growth and Poverty Reduction,” *ANDS Documents*. September 27, 2008. http://www.ands.gov.af/ands/ands_docs/index.asp (accessed November 30, 2009). cover, i. The DAC states that “reducing poverty and meeting the International Development Goals are imperatives — within the broad context of sustainable development — for this generation.”

²⁴⁵ United Kingdom. House of Commons International Development Committee, “Reconstructing Afghanistan: Government Response to the Committee's Fourth Report of Session 2007–08,” April 24, 2008. <http://www.dfid.gov.uk/Documents/publications/gov-response-int-dev-report-afghanistan-2008.pdf> (accessed November 20, 2009). 8.

²⁴⁶ Organization for Economic Co-Operation and Development, “Members and Partners,” *Organization for Economic Co-Operation and Development*. http://www.oecd.org/pages/0,3417,en_36734052_36761800_1_1_1_1_1,00.html (accessed February 10, 2010). The Millennium Development Goals are primarily focused on extreme poverty reduction.

effectiveness.”²⁴⁷ The latter goal represents a key tenet of this chapter’s analysis. As 16 EU member states are members of the DAC, including the five largest member state donors in Afghanistan (Denmark, Germany, Italy, the Netherlands, and the United Kingdom), this body undoubtedly influences the design of EU donors’ strategies in Afghanistan. For example, DfID has asserted that “The OECD Development Assistance Committee (DAC) is the key forum for agreeing best practice within the donor community.”²⁴⁸

Figure 18, from the DAC’s *Strategies for Sustainable Development*, indicates that economic objectives should be considered relative to environmental and social objectives.

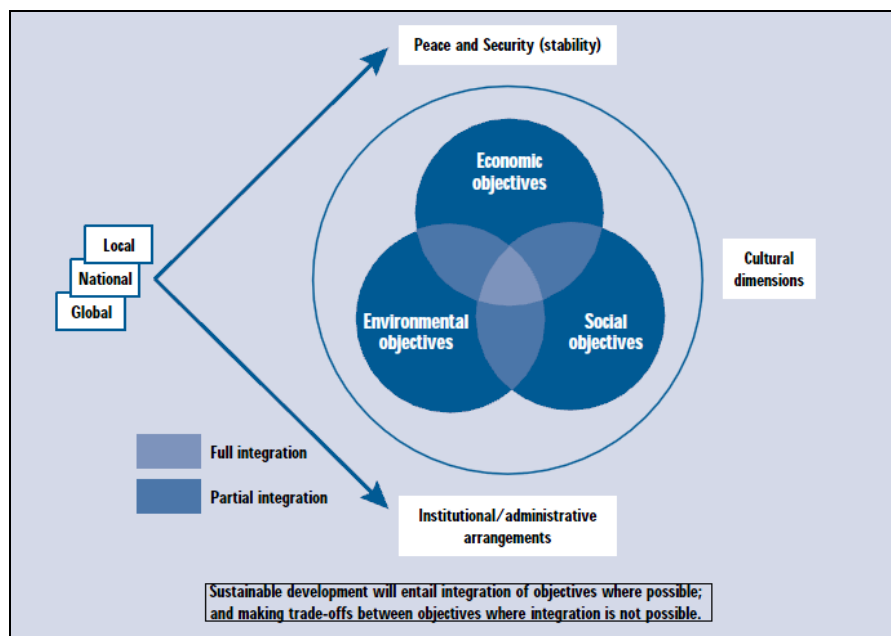


Figure 18. The Dimensions of Sustainable Development²⁴⁹

²⁴⁷ Organisation for Economic Co-operation and Development, “Inside the DAC: A Guide to the OECD Development Assistance Committee 2007–2008,” 2008. <http://www.oecd.org/dataoecd/43/32/40986871.pdf> (accessed February 13, 2010). 4.

²⁴⁸ House of Commons, “Reconstructing Afghanistan,” 8; OECD, *Strategies for Sustainable Development*, 2. 19 EU member states are members of the OECD. Only 16 of these member states are members of its Development Assistance Committee.

²⁴⁹ From OECD, *Strategies for Sustainable Development*, 22.

This is a key indicator of the importance of economic planning considerations in a viable development strategy. Further indicating the connection between economic growth and effective poverty reduction in Afghanistan is Figure 19, which outlines the eight sector pillars of the ANDS.

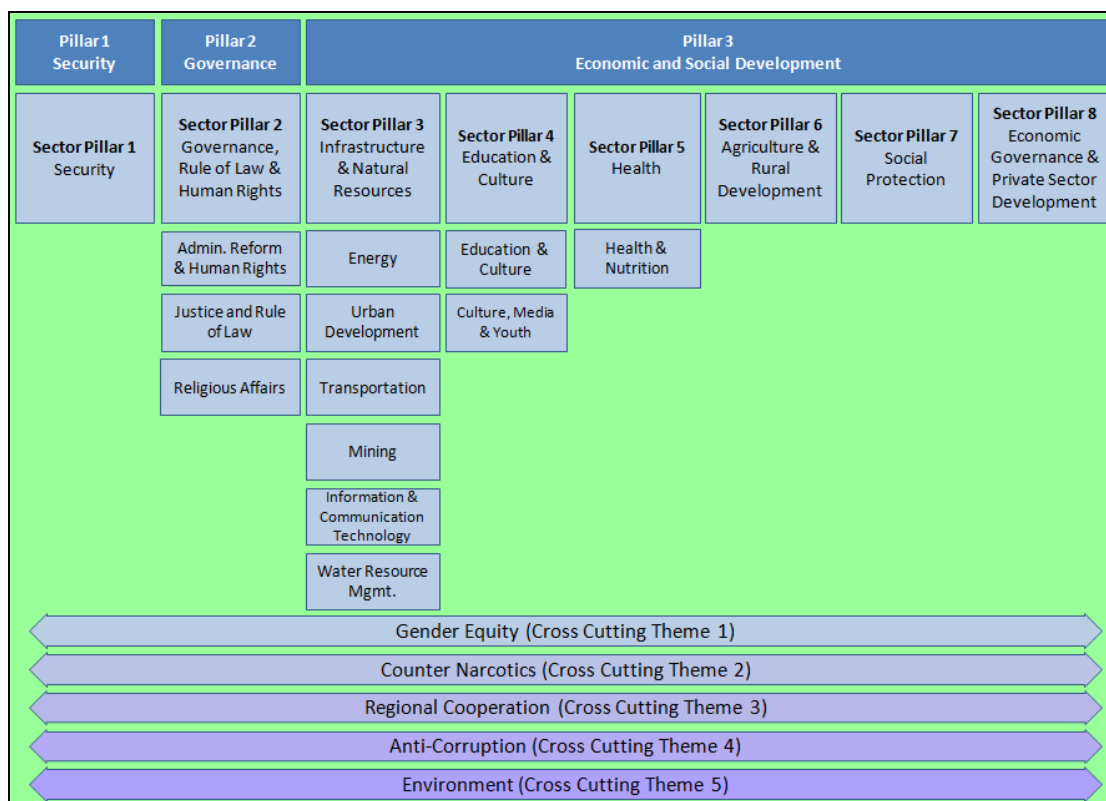


Figure 19. Structure of the ANDS²⁵⁰

Sub-pillars that affect economic growth occupy a prominent place in the overall ANDS. The importance of this theme is echoed in the European Council's statement regarding sustainable development that "in the long term, **economic growth, social**

²⁵⁰ After Hamish Nixon, "Aiding the State? International Assistance and the Statebuilding Paradox in Afghanistan," *Afghanistan Research and Evaluation Unit*. April 2007. http://www.areu.org.af/index.php?option=com_docman&task=doc_view&gid=487 (accessed February 14, 2010). 12; after International Monetary Fund, "Islamic Republic of Afghanistan: Afghanistan National Development Strategy: First Annual Report (2008/09)," November 2009. (accessed December 2, 2009). <http://www.imf.org/external/pubs/ft/scr/2009/cr09319.pdf> 15. The figure lists the three primary pillars (or goals), the eight sector pillars, 17 corresponding sub-pillars, and the five cross-cutting themes at the bottom.

cohesion, and environmental protection must go hand in hand.”²⁵¹ Although development strategies in developing countries must take into account the circumstances of the environment, it is clear that the fundamentals of these strategies should include a strong emphasis on economic growth.

A 2004 World Bank report provides useful insights into the importance of economic development in Afghanistan. First, it affirms that “robust, sustained economic growth is essential for Afghanistan to secure peace and improve human development.” Second, this report notes that economic growth affects security and state building, creates revenue, stabilizes the political system, provides alternatives to poppy production, and contributes to poverty reduction. Third, it points out that “the key development challenge for Afghanistan is to put in place the institutions, policies, and services that will generate sustained, broad-based economic growth.”²⁵² Echoing these principles is a January 2010 U.S. policy document that identifies the importance of short-term assistance for counterinsurgency effects in Afghanistan but also observes that “Long-term reconstruction efforts aim to provide a foundation for sustainable economic growth.”²⁵³

Finally, the need to establish the conditions for the private sector to flourish is inextricably linked to sustainable economic growth in Afghanistan. The World Bank noted that “the Afghan private sector is at the heart of the country’s growth prospects and strategy,” and that the Afghan government has been “pursuing pro-private sector policies.”²⁵⁴ This is also apparent in Article 10 of the Afghan Constitution, which declares that “The state encourages and protects private capital investments and enterprises based on the market economy.”²⁵⁵

²⁵¹ European Commission, “A European Union Strategy for Sustainable Development,” 2002. http://ec.europa.eu/sustainable/docs/strategy2001_en.pdf (accessed February 15, 2010). 21. The sustainable development strategies are primarily focused on achieving EU objectives, but the document also notes the importance of addressing global development challenges. The quoted text is bolded as it is in the original document.

²⁵² World Bank, “A Country Economic Report,” 20.

²⁵³ United States. Department of State, “Afghanistan and Pakistan Regional Stabilization Strategy,” January 2010. <http://www.state.gov/documents/organization/135728.pdf> (accessed January 24, 2010). 1.

²⁵⁴ World Bank, “Country Economic Report,” xv.

²⁵⁵ Islamic Republic of Afghanistan. Supreme Court of Afghanistan, *The Constitution of Afghanistan*, January 3, 2004. http://www.supremecourt.gov.af/PDFFiles/constitution2004_english.pdf (accessed December 6, 2009). Article 10.

Clearly, economic growth must play a major role in an effective and sustainable development strategy in Afghanistan. However, in analyzing the effectiveness of donor strategies in Afghanistan, it is important to ask: Is economic growth given the consideration it deserves in Afghanistan by the EU donors who use the ANDS as a guide? Do the PDPs provide the appropriate emphasis on economic growth in order to achieve the ANDS goals of poverty reduction?

2. The Case for Sustainable Economic Development Through Regional Planning

Although numerous economic value chains exist in Afghanistan, they are not leveraged to their full potential. Many of these value chains span multiple provinces in Afghanistan. This is important when considering that the mechanism within the ANDS designed to accomplish its strategic goals is the Provincial Development Plan (PDP). Since the 34 PDPs primarily incorporate the projects that are submitted by the Afghan Community Development Councils (CDCs) through the Districts to the Provincial Development Councils, they do not consider value chains that span multiple provinces. The only Afghan bodies that have the scope to address value chains of this magnitude are the ministries, which still lack the capacity to effectively harness the potential of these resources. Certain members of the donor community have the ability to help bridge the disconnect between the ANDS and the PDPs, notably the United States and the European Union, through the use of regional development strategies²⁵⁶ that address these possibilities.

The key stakeholders within the Afghan government understand the value of focusing donor aid on areas with potential for long-term, sustainable economic growth. The UN Secretary-General, Ban Ki-moon, stated in his September 2009 report that the Afghan government has begun “focusing on linked strategies to unlock the potential of

²⁵⁶ The term “regional strategies” refers to development strategies that address multi-province areas within the borders of Afghanistan in order to harness natural resources that cross provincial boundaries. These are separate from international regional strategies in southern and central Asia, such as the Afghanistan-Pakistan regional strategy outlined in the 2010 Department of State document.

Afghanistan's economic centres of growth, in particular agriculture, mineral resources and human development,” and that donors should “concentrate where possible on economic and employment generation.”²⁵⁷

The United States is beginning to incorporate these themes in its development strategy. Its “Afghanistan and Pakistan Regional Stabilization Strategy,” published in January 2010, holds that U.S. “[s]upport for regional economic integration will help accelerate economic renewal.” Moreover, it states that the United States intends to focus “primarily on population centers and key economic corridors” with other efforts in support of “regional economic integration” (Afghanistan and Pakistan in this context). Another identified U.S. effort provides assistance to entrepreneurs in developing five “core” value chains: “rugs, grapes, gems, marble, and cashmere.” To support key infrastructure and financial sector development in support of these and other “Economic Foundation” efforts, the United States has set aside \$2.5 billion in available resources.²⁵⁸ This marks a notable shift in the United States’ development strategy—to embrace economic development through regional strategies by leveraging value chains with great potential in Afghanistan. For the largest donor in Afghanistan, the decision to address projects beyond the reach of most donors is appropriate. These themes are also relevant to EU donors because they collectively constitute the second-largest aid contributor.

Regional strategies encompass large-scale solutions that could significantly reduce poverty in a way that short-term projects cannot. To take this idea to the extreme, it could be considered that if the total donor aid for Afghanistan in 2009 were distributed in cash equally to each Afghan, every individual would receive about \$170.²⁵⁹ This would certainly reduce the poverty of the Afghans in the short term, but it would not

²⁵⁷ United Nations, “Report of the Secretary General on the Situation in Afghanistan and its Implications for International Peace and Security,” *Afghanistan Conflict Monitor – Key Documents*. September 22, 2009. http://www.afghanconflictmonitor.org/UNSC_S2009475.pdf (accessed November 20, 2009). 10–11.

²⁵⁸ Department of State, “Regional Stabilization Strategy,” 18–19.

²⁵⁹ International Monetary Fund, “First Annual Report,” 20; United States. Central Intelligence Agency, *World Factbook – Afghanistan “People,”* January 26, 2010. <https://www.cia.gov/library/publications/the-world-factbook/geos/af.html> (accessed February 14, 2010). The IMF report gives Official Development Assistance (ODA) at \$4.89 billion based on a Ministry of Finance donor review. The CIA World Factbook gives a July 2009 population estimate of Afghanistan at 28,395,716.

create the conditions necessary to generate long-term sustainable economic growth. The National Solidarity Program (NSP) moves a step forward and asks over 22,000 Community Development Councils to propose projects within their community that will alleviate poverty.²⁶⁰ However, while “people-centered” and community-based inputs are important principles in development strategies,²⁶¹ a wider scope of vision is also needed to address sustainable growth prospects.

“People-centered” and sustainable economic growth principles need not be mutually exclusive themes in viable development programs. This thesis does not argue that the NSP and its related projects are irrelevant or that the NSP should be discarded. It assesses the hypothesis that long-term projects designed to generate sustainable economic growth have been neglected in favor of an overemphasis on short-term projects, creating an imbalance. Matt Waldman aptly summarizes this phenomenon in the context of aid that is driven by the objectives of the donor agency or nation:

This has resulted in projects which are designed rapidly to deliver visible results. Whilst there is no doubt that aid is required to address short-term, especially humanitarian, challenges, to some extent this has come at the expense of Afghan participation, and sustainable poverty reduction and capacity-building objectives.²⁶²

Especially in the Agricultural and Rural Development, Economic Governance and Private Sector Development, and Infrastructure and Natural Resources sector pillars, EU donors should consider the economic development projects they pursue in terms of “return on investment.” That is, if the project directly reduces poverty and improves the

²⁶⁰ European Commission, “Afghanistan: State of Play January 2010,” *European Commission External Cooperation Programmes*. February 25, 2010. http://ec.europa.eu/europeaid/where/asia/documents/state_of_play_afg_2010-jan.pdf (accessed February 25, 2010). 5. The document notes 22,104 “Communities mobilized” as of 19 March 2009.

²⁶¹ OECD, *Strategies for Sustainable Development*, 27.

²⁶² Matt Waldman, “Falling Short: Aid Effectiveness in Afghanistan,” *ACBAR Advocacy Series*. March 2008. [http://www.acbar.org/ACBAR%20Publications/ACBAR%20Aid%20Effectiveness%20-\(25%20Mar%202008\).pdf](http://www.acbar.org/ACBAR%20Publications/ACBAR%20Aid%20Effectiveness%20-(25%20Mar%202008).pdf) (accessed January 14, 2010) 10; See also Nixon, “Aiding the State?” 1, 4, 10. Waldman and Nixon are primarily concerned with what they describe as ill-conceived drivers of these projects. However, their interpretation of the effects of short-term projects is relevant. Nixon uses the framework of “statebuilding” to identify the ineffectiveness of these types of projects in achieving holistic goals.

lives of Afghans, it is a good project. If the project promotes sustainable economic growth that could provide significant long-term poverty reduction effects, it is an even better project and, therefore, deserving of prioritized support.

3. The ANDS and Sustainable Economic Growth Through Regional Strategies

Does the ANDS promote economic development as a means to achieve poverty reduction? Analysis shows that it does. The 2006 Afghanistan Compact stated: “The Afghan government with the support of the international community will pursue high rates of sustainable economic growth with the aim of reducing hunger, poverty and unemployment.”²⁶³ A GIROA statement from the Interim ANDS (I-ANDS) drafted in the same year is also telling: “Ultimately, we want to move beyond dependence upon international aid and build a thriving, legal, private sector-led economy that reduces poverty and enables all Afghans to live in dignity.” This tenet is also echoed in the ANDS.²⁶⁴ The Afghan government understands that direct poverty reduction projects are only short-term solutions. The long-term solution is to build a thriving economy that reduces poverty on a durable basis.

However, the PDPs are not designed to harness the power of large-scale economic value chains that could generate sustainable economic growth. As discussed in Chapter II, the PDPs primarily represent consolidated lists of poverty reduction projects proposed by local communities. Furthermore, the provinces had begun the formulation of the PDPs before the launch of the sub-national consultations and the elaboration of the ANDS. As a result, the majority of the “PDPs were not aligned with the Afghanistan National Development Strategy (ANDS) and the process was not linked to national level

²⁶³ “The Afghanistan Compact,” *NATO – Afghanistan Compact*, http://www.nato.int/isaf/docu/epub/pdf/-afghanistan_compact.pdf (accessed October 18, 2009). 4.

²⁶⁴ Islamic Republic of Afghanistan, “Interim Afghanistan National Development Strategy,” January 2006. 9. The ANDS (published in 2008) states that “dependence on foreign assistance and the opium economy will not be sustainable in the medium-term. A shift to private sector led economic growth is crucial.” Islamic Republic of Afghanistan, “Afghanistan National Development Strategy,” 40.

development planning processes.”²⁶⁵ This break in linkage is also highlighted in the ANDS itself. Figure 20, taken from the ANDS, shows that only three of the 34 Afghan provinces listed employment as a priority, and no themes from the Economic Governance and Private Sector Development pillar are easily recognizable. Secondary and tertiary rankings resulted in similar indicators of emphasis.²⁶⁶

Sector or Pillar	No. of provinces
Security	17
Infrastructure	5
Education	4
Employment	3
Roads	3
Agriculture	2
Governance	1

Figure 20. Sectors/Pillars and the Number of Provinces in Which They Are an Official Priority²⁶⁷

The August 2008 Kushk Robat Sangi District Development Plan (DDP) displays a similar lack of emphasis on long-term economic development projects. Unsurprisingly, because the needs of the Afghans within this community are pressing and require attention in the near term, the project list primarily consists of roads, schools, wells, clinics, agricultural projects and retaining walls. Tellingly, the “Economic Governance and Private Sector Development” sector pillar is not represented and few of the projects under other listed sector pillars can be associated with economic development, either by

²⁶⁵ Islamic Republic of Afghanistan, “Kunar Province Provincial Development Plan,” August 5 to August 15, 2007. 7; Islamic Republic of Afghanistan, “The Provincial Development Plan of Nangarhar Province,” (translated by Nadir Babek) August 5 to August 15, 2007. 10. The Nangarhar document clarifies that the PDPs were created with no guidance from the central ministries and that they were not aligned with the ministerial strategies (10).

²⁶⁶ Islamic Republic of Afghanistan, “Afghanistan National Development Strategy,” 23–24.

²⁶⁷ From Islamic Republic of Afghanistan, “Afghanistan National Development Strategy,” 23. There is no explanation for why 35 provinces are represented in the table when the ANDS notes numerous times that Afghanistan has 34 provinces. A possible explanation is that some maps of Afghanistan split one or more provinces into two separate areas and the drafters of the ANDS may have received data from an additional “province.”

design or intent.²⁶⁸ The Kushk Robat Sangi District Development Plan is representative of the themes prevalent in the DDPs across Afghanistan.

These examples are not consistent with the statement noted in a 2004 World Bank report that “The government views private sector-led development as the key to Afghanistan’s longer-term economic development and poverty reduction.”²⁶⁹ However, these examples provide further insight into the underlying problem. The cause of this problem is the break in the link between the strategic goals of the ANDS, which emphasize sustainable economic development, and the PDPs, which are the locally-driven mechanisms used to attain those goals. The DAC’s *Strategies for Sustainable Development* guide maintains that development strategies “need to consider which issues can only be addressed at a national and central level, and which can be addressed more locally,”²⁷⁰ and also “need to consider which *mechanisms* can achieve this balance between top-down and bottom-up approaches.”²⁷¹

This analysis presents a pressing case for the incorporation of regional planning themes into the Provincial Development Plans to correct an imbalance that neglects Afghanistan’s long-term economic growth prospects. The problem can be summed up as follows: international experts note the importance of economic growth fueled by the private sector for a development strategy aimed at poverty reduction. The Government of the Islamic Republic of Afghanistan (GIROA) understands these concepts and promotes their pursuit in its national strategy. The ANDS, however, lacks the mechanisms necessary to pursue those goals to their fullest potential. The impressive capabilities of the EU donors could address this challenge with the pursuit of regional development strategies that contribute to long-term sustainable economic growth, while providing an example to the Afghans to bridge the gap between the ANDS and PDPs. The question that remains is: “How could the EU most effectively pursue this plan?”

²⁶⁸ Islamic Republic of Afghanistan, “Ministry of Rural Rehabilitation and Development: National Area Based Development Programme,” *District Development Plan: List of Project Ideas in English*. 2006. <http://www.mrrd.gov.af/nabdp/DDP-Herat.htm> (accessed February 14, 2010).

²⁶⁹ World Bank, “Country Economic Report,” 65.

²⁷⁰ OECD, “Sustainable Development,” 41.

²⁷¹ Ibid., 42. “*Mechanisms*” is italicized as it is in the original document.

C. EU DEVELOPMENT FRAMEWORK

*This CSP and the accompanying indicative programmes primarily aim to create the conditions for sustainable development and poverty reduction...In line with this approach, the sectors set out in this CSP are not all explicitly directed at progress toward the MDGs but rather prioritize actions that will enable sustainable poverty reduction in the medium to long run.*²⁷²

European Commission, 2007

1. Current EU Activities

The EU donors are not currently focused on large-scale projects with long-term economic growth potential. The stated European Commission priorities in 2007–2013 include three focus areas (rural development, governance, and health) and three non-focus areas (social protection, mine action and regional cooperation) that address ANDS concerns.²⁷³ According to the European Commission’s 2009 “Blue Book,” 47% of total EU aid (including that from the member states) goes to the “Governance, Rule of Law and Security” sectors. About 20% is directed toward the Agriculture and Rural Development sector pillar for “community development and public infrastructure at district and village levels,” which is primarily administered by the National Solidarity Program. The “education, health, and social protection” sector pillars each enjoy about 19% of the EU donor aid. Yet, private sector development and “construction of major infrastructure” fall last at about 12% of EU donor aid (see Figure 21).²⁷⁴

²⁷² European Commission, “Country Strategy Paper: Islamic Republic of Afghanistan 2007–2013,” *Europa – External Relations*. http://ec.europa.eu/external_relations/afghanistan/csp/07_13_en.pdf (accessed July 28, 2009). 3. Country Strategy Paper (CSP); Millenium Development Goals (MDG).

²⁷³ European Commission, “Afghanistan: State of Play January 2009,” http://ec.europa.eu/europeaid/where/asia/-documents/afgh_state_of_play_january_09_en.pdf (accessed October 18, 2009). 2. In this context, “regional cooperation” refers to Afghanistan’s neighbors.

²⁷⁴ European Commission, *EU Blue Book 2009: The EU and Afghanistan*, http://www.delafg.ec.europa.eu/en/downloadable_documents/EUBlueBookAfg_2009.pdf (accessed November 20, 2009). 5.

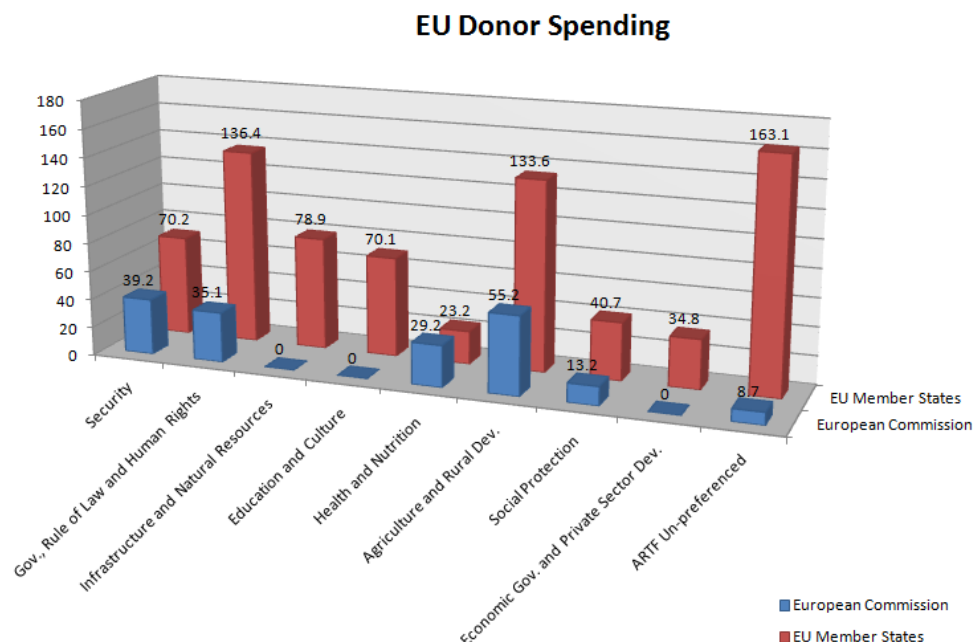


Figure 21. Estimated EU Average Annual Developmental Assistance for Afghanistan According to ANDS Sector Pillars (in millions of euro/year).²⁷⁵

The Council of the European Union and the European Commission documents identify the need for sustainable economic growth, but the ability of the EU donors to address that goal is fettered by the disconnect between the ANDS and the PDPs. A statement issued by the Council of the European Union in October 2009 stated that further initiatives should support the “community-based structures” of the NSP. Additionally, although it asserted that the development strategy should enable the “Afghan private sector to become the engine for agricultural growth and job creation,” the method that the Council of the European Union suggested to achieve this goal was through “[r]ural micro-credit schemes” as well as the NSP.²⁷⁶ Although micro-credit schemes are certainly beneficial, the trend of favoring the pursuit of strategic visions through local strategies is again apparent.

²⁷⁵ This figure is based on the information in European Commission, “Blue Book 2009,” 12.

²⁷⁶ Council of the European Union, Strengthening EU Action in Afghanistan and Pakistan, <http://register.consilium.europa.eu/pdf/en/09/st14/st14064.en09.pdf> (accessed December 6, 2009). 9, 15.

Figure 21 shows the relative lack of emphasis by the EU donors on the “Infrastructure and Natural Resources” and “Economic and Private Sector Development” sector pillars, especially given that a large portion of “ARTF unpreferred” funding goes to the NSP and its associated local programs. (As previously noted, ARTF stands for the Afghanistan Reconstruction Trust Fund.) The EU donors do not seem to place the emphasis on sustainable economic growth and private sector development that is called for by the Afghan government, the OECD’s DAC, the World Bank, and other relevant stakeholders.

Given the empirical evidence in recent years that small-scale poverty reduction programs have not generated sustainable economic growth in Afghanistan, it is not difficult to understand why the United States has changed its approach. Although a comprehensive strategy remains in place, the United States is beginning to flex its “development muscle” by addressing large-scale critical infrastructure with great potential for economic growth: “Our emphasis is on major energy infrastructure rehabilitation (e.g., the Kajaki Dam, Darunta Dam, and Sheberghan gas generation plant),” and on value chains such as the “mines to market value chain.”²⁷⁷ The EU’s relative lack of emphasis on sustainable economic growth in relation to its stated importance establishes a pressing case for the EU to make adjustments to its development strategy.

2. What Is Unique About the EU That It Can Leverage?

a. Strength in Numbers

Collectively, the EU donors have the capability to address critical infrastructure projects on a scale that is impossible for other donors (besides the United States) to manage due to their relatively smaller budgets. However, doing so would require strategy adjustments as well as a dramatic increase in EU donor coordination. As noted in Chapter II, the EU donors combined represent the second largest donor in Afghanistan after the United States. This represents a powerful potential tool.

²⁷⁷ United States. Department of State, “Regional Stabilization Strategy,” 18, 19.

There are a wide variety of appropriate development and reconstruction projects in Afghanistan. These range from a relatively inexpensive well for a rural area to the approximately \$8 billion that the Chinese are investing to mine the Aynak copper deposit in Logar Province.²⁷⁸ The potential impact of large-scale projects such as the Anyak copper mine is staggering. According to a 2009 report by James R. Yeager et al.,

International experts estimate that Aynak royalty revenues could generate more than \$200 million annually for Afghan budget funds over the next 30 years. In a country where the national budget in 2008 was \$650 million, this would have significant impact...Upwards of 1500 direct mine jobs are estimated to be generated out of the Aynak work; indirect employment that includes transport, mine product processing, production of spare parts, and community and mine services could be up to 30,000 new jobs depending on the amount of ancillary activity that is supported by the developing company.²⁷⁹

The effects of this project can be measured not only in terms of sustainable economic growth, but also by other factors such as job creation and security. Richard Holbrooke noted in February 2010 that the jobs created from a recent emphasis on agribusiness would “help deny the Taliban a pool of alienated, unemployed youths who go out and get paid to shoot.”²⁸⁰ (This prospect is also a counter to those who assert that security must come before development.) The Anyak Copper Deposit is only one of many potential large-scale value chains in Afghanistan. However, most donors simply do not have the ability to address these projects. The EU could do so.

²⁷⁸ Islamic Republic of Afghanistan. The Embassy of Afghanistan: Washington D.C., *Anyak Copper Mine Predicted to Create 8,000 Direct jobs Once Landmines are Cleared*, August 27, 2009. <http://www.embassyofafghanistan.org/AYNAKCOPPERMINE.html> (accessed January 25, 2010).

²⁷⁹ James R. Yeager et al., “The Aynak Copper Tender: Implications for Afghanistan and the West,” *Diversity Spectrum Corporation*. November 9, 2009. http://www.diversityspectrum.com/-index2.php?option=com_content&do_pdf=1&id=5311 (accessed January 29, 2010). 2–3; Embassy of Afghanistan, *Anyak Copper Mine*. The Embassy of Afghanistan’s report estimates that 8,000 direct jobs will be created as a result of the agreement. Besides mining activities, the Chinese company is building “roads, hospitals, schools, mosques, and water sources” in the surrounding area according to Yeager et al.

²⁸⁰ United States. Department of State, *Briefing on Recent Trip to Afghanistan and Pakistan*, February 3, 2010. http://www.state.gov/s/special_rep_afghanistan_pakistan/2010/136445.htm (accessed February 20, 2010).

b. What Potential Resources Are Prevalent in the Areas in Which the EU Donors are Working?

To determine how best to decide what natural resources and value chains the EU donors could leverage, it is useful to compare the areas in which the EU donors are currently active and have established operating infrastructure with the geographic locations of known and estimated natural resources. Since member states of the EU also lead ten Provincial Reconstruction Teams (PRTs) in Afghanistan, an analysis of the areas where these PRTs operate are also indicated.

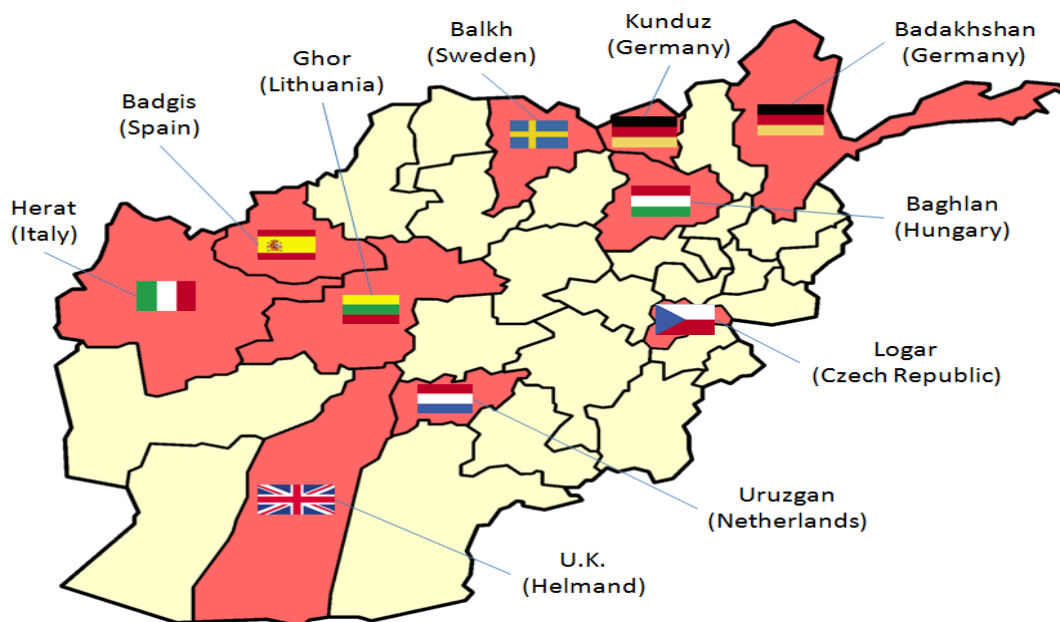


Figure 22. Afghanistan Provincial Reconstruction Teams Led by European Union Member States

Although the European Union development agencies are active throughout the entire country, the ten PRTs led by the member states of the EU are focused in RC-North, West, and South (see Figure 22). The geographic dispersal of EU donor funds also follows this general pattern, although the CSP stated the European Commission's (EC) intent to increase its emphasis on the "East and North-Eastern provinces" in 2007–2010.²⁸¹

²⁸¹ European Commission, "Country Strategy Paper," 19.

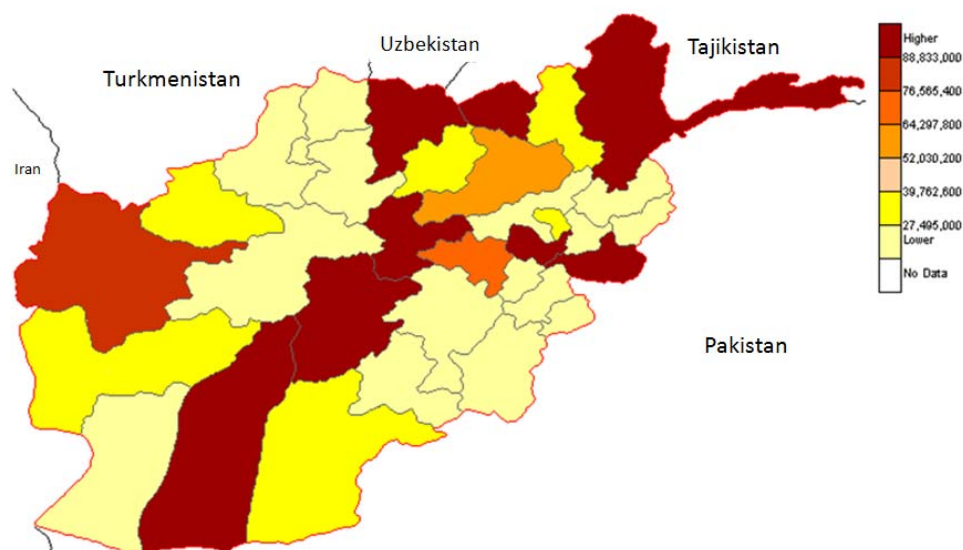


Figure 23. Geographic Distribution of Funds Committed (USD): European Commission and Member States. 2001–2009²⁸²

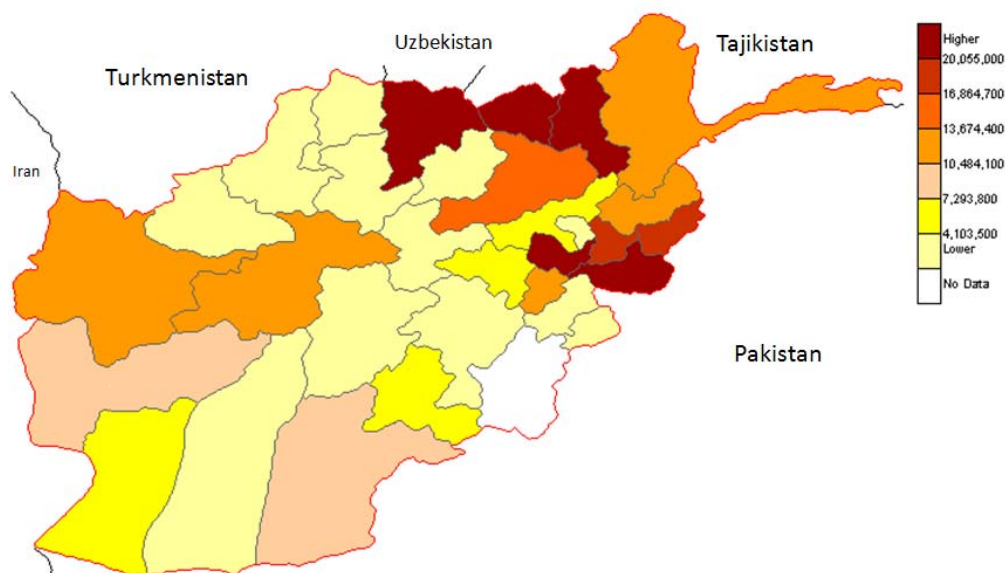


Figure 24. Geographic Distribution of Funds Committed (USD): European Commission. 2001–2009²⁸³

²⁸² After Islamic Republic of Afghanistan, *Development Assistance Database—Afghanistan*, <http://dadafghanistan.gov.af/> (accessed January 24, 2010). The information used to construct Figures 22–24 was derived from this database maintained by the Afghanistan Ministry of Finance (MoF).

²⁸³ After Islamic Republic of Afghanistan, *Development Assistance Database*.

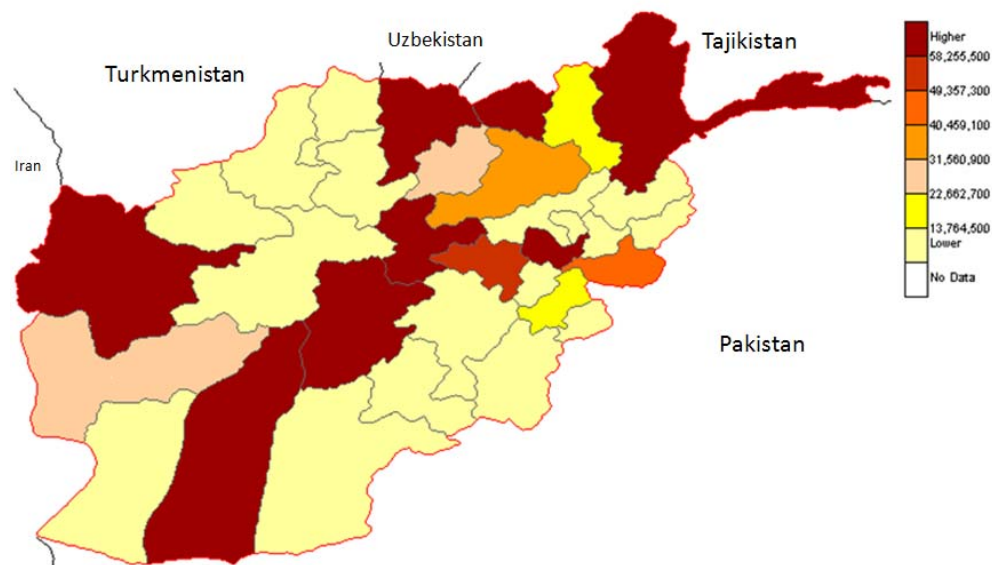


Figure 25. Geographic Distribution of Funds Committed (USD): Six Highest Contributing EU Member States. 2001–2009²⁸⁴

Numerous potential value chains (or systems of related natural resources and service-based industries with the potential to flourish together) exist within the geographic areas in which the EU donors operate. Additionally, experts have identified the provinces of Herat, Kandahar, Balkh, and Nangarhar as potential economic engines with the ability to multiply effects throughout their respective regions.²⁸⁵ As Sweden leads a PRT in Balkh and Italy’s PRT operates in Herat, these two EU member states are in a position to assist in leveraging these economic engines. This would also require increased coordination with ISAF, as discussed in Chapter III.

²⁸⁴ After Islamic Republic of Afghanistan, *Development Assistance Database*. The six donors are Denmark, Germany, Italy, the Netherlands, Sweden, and the United Kingdom.

²⁸⁵ U.S. Embassy, Kabul, Afghanistan Reconstruction Group analysis, April 2008. See also Clive Mitchell and Antony Benham, "Afghanistan: Revival & Redevelopment," *British Geological Society*. June 2008. <http://www.bgs.ac.uk/AfghanMinerals/docs/IndustrialMineralsFinalArticle.pdf> (accessed February 14, 2010). 54. The authors characterize Kabul, Herat, Mazar-i-Sharif, and Jalalabad as “urban centres.” (The last two are the major urban areas in the provinces of Balkh and Nangarhar, respectively.) See also a 2008 World Bank investment climate survey in Afghanistan which focused on five urban areas: Kabul and the four potential “regional economic engines” noted above. World Bank, “The Afghanistan Investment Climate in 2008,” *Afghanistan: Publications and Reports*. November 2009. 2.

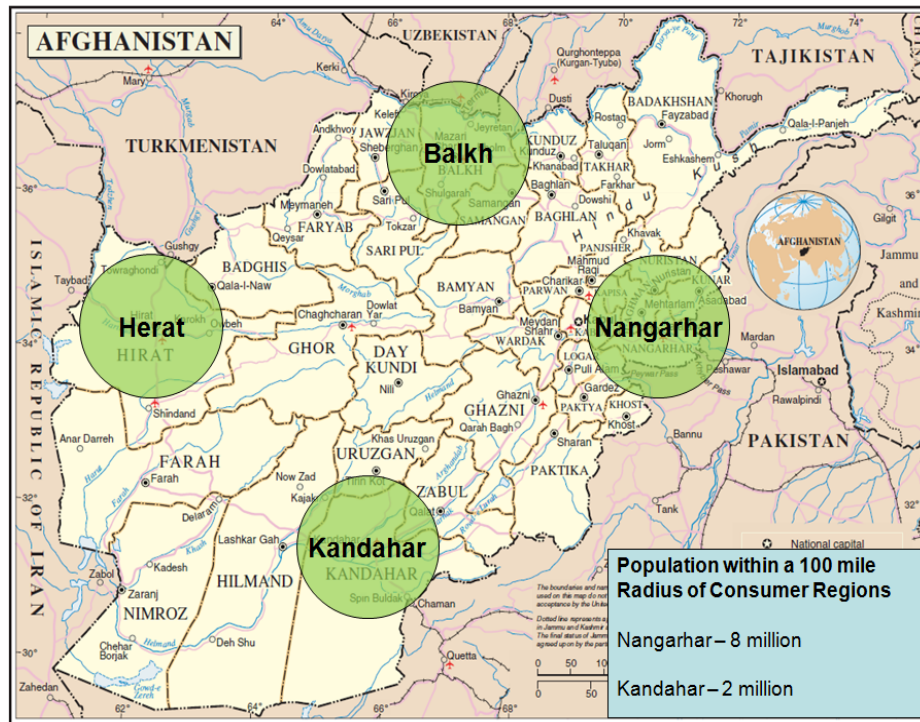


Figure 26. Afghanistan's Potential Regional Economic Engines²⁸⁶

(1) Mineral Resources. Afghanistan's mineral wealth represents a noteworthy potential source of economic growth—not only for its abundance, but also due to Afghanistan's geographic location in Asia. According to Clive Mitchell and Antony Benham, researchers for the British Geological Survey, Afghanistan is well situated to export these mineral resources to “rapidly growing markets in China, the Indian sub-continent and the Persian Gulf.” They further note that the ongoing post-conflict development efforts in Afghanistan are fueling a strong demand for construction materials.²⁸⁷

²⁸⁶ U.S. Embassy, Kabul, Afghanistan Reconstruction Group analysis, April 2008; after United Nations, *United Nations Cartographic Section – Afghanistan*, <http://www.un.org/Depts/-Cartographic/map/profile/afghanis.pdf> (accessed December 6, 2009).

²⁸⁷ Mitchell and Benham, “Revival & Redevelopment,” 54.

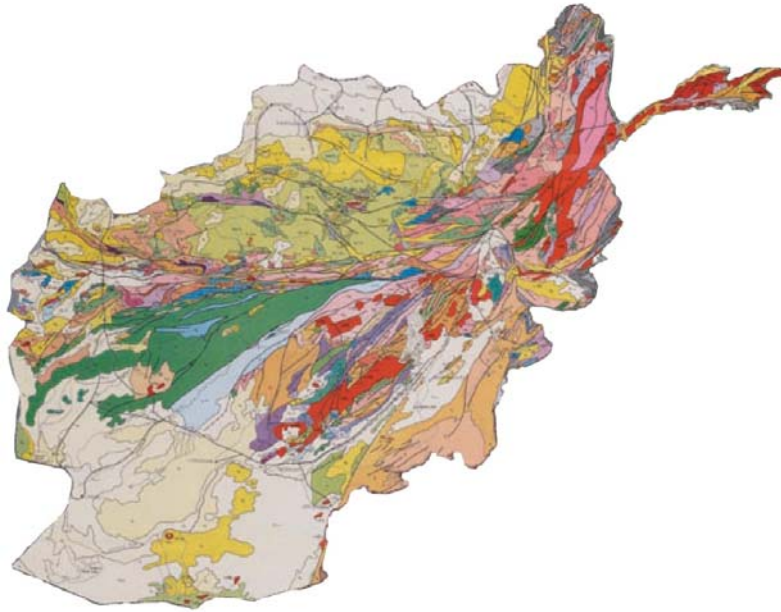


Figure 27. Map of Ore Deposits and Occurrences of Ferrous Metals and Fuel Minerals of Afghanistan²⁸⁸

²⁸⁸ United Kingdom. British Geological Survey, "Map of Ore Deposits and Occurrences of Ferrous Metals and Fuel Minerals of Afghanistan," *British Geological Survey*. <http://www.bgs.ac.uk/downloads/start.cfm?id=950> (accessed January 29, 2010).

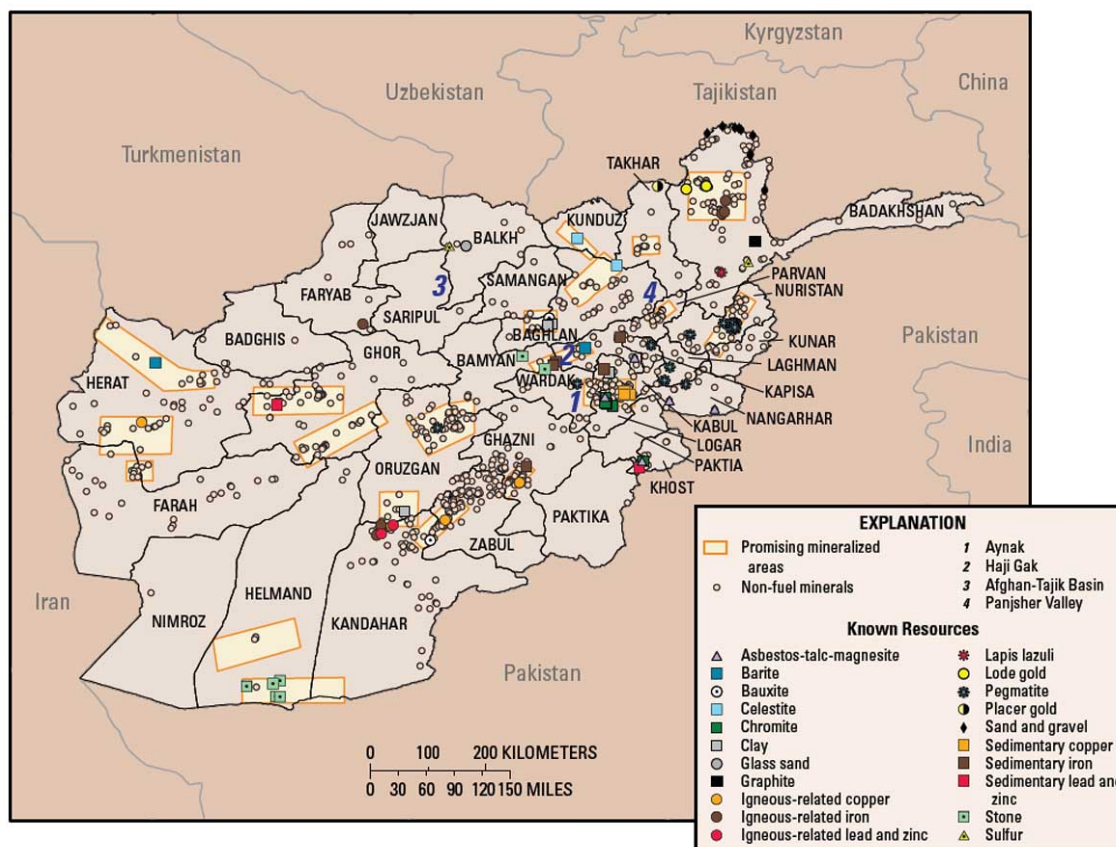


Figure 28. Assessment of Known and Possible Mineral Deposits in Afghanistan²⁸⁹

There are a large variety of natural resource value chains available for the EU donors to address. In 2007, the United States Geological Survey (USGS) determined that significant deposits of metals, industrial minerals, and building materials are present in Afghanistan.

Estimates of known and undiscovered copper resources total nearly 60 million metric tons of copper. Resources of iron in known deposits are more than 2,200 million metric tons of iron ore. Twenty mineralized areas were identified that merit further study and may contain resources amenable to rapid development.²⁹⁰

²⁸⁹ United States. United States Geological Survey, "Factsheet: Preliminary Assessment of Non-Fuel Mineral Resources of Afghanistan, 2007," October 2007. <http://pubs.usgs.gov/fs/2007/3063/> (accessed January 29, 2010). 1. "Map of Afghanistan showing mineralized areas recommended for further study (rectangular areas), known non-fuel mineral deposits and prospects (small dots), and selected mineral deposits for which resources have been published in the past (various symbols)."

²⁹⁰ USGS, "Non-Fuel Mineral Resources," 1.

The “Afghanistan Geological Survey and the British Geological Survey” estimated that the “world-class Hajigak iron deposit” contains 1.8 billion tons of iron ore.²⁹¹ The CIA’s *World Factbook* page on Afghanistan identifies proven resources of 49.55 billion cubic meters of natural gas.²⁹² A 2005 USGS report stated that Afghanistan has moderate to potentially abundant coal resources,²⁹³ and a 1986 “Afghanistan Country Study” noted that “The country’s overall coal reserves were estimated to be about 400 million tons in 1975.”²⁹⁴

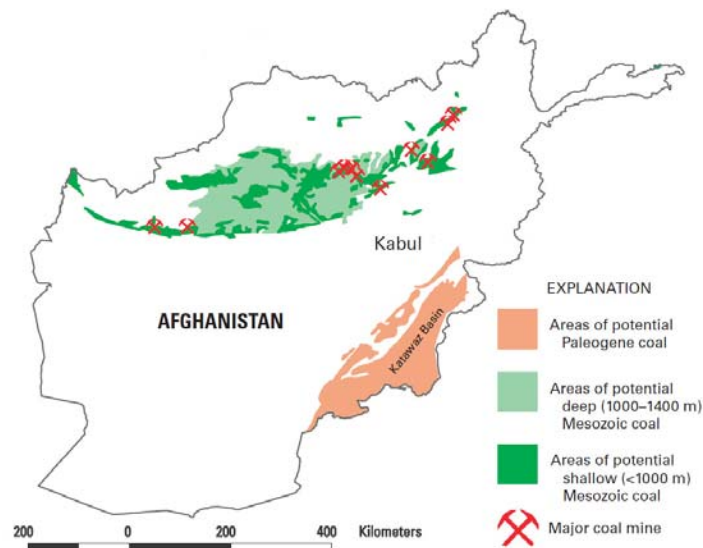


Figure 29. Distribution of Major Coal-Bearing Rocks in Afghanistan²⁹⁵

²⁹¹ Islamic Republic of Afghanistan, “Request for Expression of Interest Hajigak Iron Deposit,” Ministry of Mines. http://mom.gov.af/uploads/files/English/Hajigak_Request_for_Expression_of_Interest_-_022309_approved%5B2%5D.pdf (accessed January 29, 2010). 1; USGS, “Non-Fuel Mineral Resources,” 1. The USGS report estimates that there are 2.26 billion tons of iron ore at Hajigak.

²⁹² United States. Central Intelligence Agency, *World Factbook – Afghanistan “Economy,”* The estimate date was January 1, 2009.

²⁹³ United States. United States Geological Survey, “Assessing the Coal Resources of Afghanistan,” USGS. June 2005. <http://pubs.usgs.gov/fs/2005/3073/2005-3073.pdf> (accessed February 14, 2010). 1.

²⁹⁴ Richard F. Nyrop and Donald M. Seekins (eds.), “Afghanistan Country Study,” *The American University*. <http://www.gliit.edu.govdocs/afghanistan/Afghanistan-Chapter2.pdf> (accessed February 14, 2010). 195.

²⁹⁵ From USGS, “Coal Resources of Afghanistan,” 2.

Significant petroleum resources exist in the northern areas of Afghanistan within the Afghan-Tajik basin and the Amu Darya basin (see Figure 30). Both the coal-bearing rock deposits and the petroleum resources in Afghanistan occur within areas in which EU donors are active.



Figure 30. Satellite Image of Northern Afghanistan²⁹⁶

Figure 31 identifies the significant mineral resource deposits in Afghanistan in relation to the geographic focus areas of EU donors as well as the provinces with EU member state-led PRTs. This illustrates the potential for the EU donors to assist the Afghan government in harnessing these natural resources in areas in which EU donors already operate and have established infrastructure.

²⁹⁶ After United States. United States Geological Survey, "Assessment of Undiscovered Petroleum Resources of Northern Afghanistan, 2006," *USGS*. March 2006. <http://pubs.usgs.gov/fs/2006/3031/> (accessed February 14, 2010). 1. Image from National Geospatial Intelligence Agency, unclassified, July 12, 2004.

Mineral Resource	Province/Location	Known Resource Estimates	USGS Assessment	BGS Assessment	EU Member State PRT	EU Donor Focus Area
Metals						
Aluminum	Baghlan	4,535,000	FSR		Hungary	EC, Germany, Sweden, Netherlands,
	Kabul, Logar	12,340,600	16,880,000		Czech Republic	EC, Denmark, Germany, Italy
Copper	Herat		28,469,200		Italy	EC, Denmark, Germany, Italy, Netherlands, Slovenia, Sweden, UK
Gold	Takhar, Ghazni	918kg	FSR			EC, Denmark, Poland
	Badakhshan, Ghazni, Zabul	~1,780kg	FSR			EC, Denmark, Germany, Poland, UK
Iron	Bamyan (Hajigak Iron Deposit), Baghlan	2,260,000,000	FSR		Italy, U.K.	Italy, UK
	Badakhshan	178,000,000	FSR		Germany	EC, Denmark, Germany, UK
Industrial Minerals						
Asbestos	Logar, Khost, Nangarhar	13,400,00	13,400,009 (Nhar) or FSR			EC, Denmark, Germany, Italy, Netherlands, Sweden, UK
Barite	Herat	151,500,000	FSR		Italy	EC, Denmark, Germany, Italy, Netherlands, Slovenia, Sweden, UK
Brick Clay	Kabul	2,200,000m ³	FSR			EC, Denmark, Germany, Italy, Netherlands, Sweden, U.K.
Celestite	Baghlan, Kunduz	>1,000,000	FSR		Germany, Hungary	EC, Germany, Netherlands, Sweden
Chromite	Logar		980,000		Czech Republic	EC, Denmark, Germany, Italy
Fluorite (florospa)	Uruzgan	8,791,000	FSR		Netherlands	Netherlands, Slovakia
Graphite	Badakhshan		1,050,000		Germany	EC, Denmark, Germany, UK
Potash	Balkh, Kunduz		27,514,000		Germany, Sweden	EC, Denmark, Germany, Netherlands, Sweden, UK
Rare Earth Elements (REE) and Uranium	Helmand		1,405,000 (REE), 3,480,000 other		UK	Denmark, Estonia, Italy, Netherlands, Sweden, UK
Sulfur	Afghan-Tajik Basin		6,000,000		Denmark, Germany, UK	EC, Denmark, Germany, Italy, Netherlands, Sweden, UK
Talc	Nangarhar	1,250,000	FSR			EC, Denmark, Sweden, UK
Building Materials						
Baryte	Herat			1,500,000		EC, Denmark, Germany, Italy, Netherlands, Slovenia, Sweden, UK
Glass Sand	Balkh	10,900,000	FSR		Sweden	EC, Denmark, Germany, Sweden, UK
Limestone	Badakhshan, Herat, Baghlan	>500,000,000	FSR		Germany, Hungary, Italy	EC, Denmark, Germany, Italy, Netherlands, Slovenia, Sweden, UK
Marble	Badakhshan	1,300,000,000 tons	FSR		Germany	EC, Denmark, Germany, UK
Marble	Herat, Kabul, Logar, Nangarhar, Wardak			Varied	Czech Republic, Germany, Italy	EC, Denmark, Germany, Italy, Netherlands, Slovenia, Sweden, UK
Sand and Gravel	Badakhshan	136,000,000m ³	FSR		Germany	EC, Denmark, Germany, UK
Fuels						
Coal	North Afghanistan Basin			124,820,000	Czech Republic, Italy, Germany, Hungary, Lithuania, Spain, Sweden	EC, Denmark, Germany, Italy, Sweden, UK
Petroleum	Amu Darya Basin					
	Oil (mmb)		73			
	Gas (bcf)		1,246		Italy, Spain	Italy, Denmark, Germany, UK
	NGL (mmb)		33			
	Afghan-Tajik Basin					
	Oil (mmb)		1,596		Germany, Hungary, Sweden	EC, Germany, Netherlands, UK
	Gas (bcf)		15,687			
	NGL (mmb)		562			

All figures in metric tons unless otherwise noted

Chart includes only significant est. or known deposits over ~1 million metric tons for most resources

BGS Figures Account for known and speculated figures

Petroleum figures are based on the mean percentage that the stated sum exists (accounting for the higher and lower estimates)

"EU Donor Focus Area" quantifies the overall funds spent by a donor in a particular province in all ANDS sectors.

This measurement is relevant because it measures the potential funds that could be redirected toward leveraging value chains in areas where EU donors have established operating infrastructure.

Known resource estimates from Abdullah et al. (1977 study)

USGS: U.S. Geological Survey

BGS: British Geological Survey

FSR: Further Study Recommended

mmb - millions of barrels

bcf - billions of cubic feet

ngl - natural gas liquids

Figure 31. Significant Unrealized Mineral Resource Estimates in Afghanistan in EU Donor Focus Areas²⁹⁷

²⁹⁷ After USGS, "Non-Fuel Mineral Resources," 2–4; Mitchell and Benham, "Revival & Redevelopment," 55, 57–59; USGS, "Undiscovered Petroleum Resources," 2. The USGS derived data for "Known Resource Estimates" from Sh. Abdullah et al., "Mineral Resources of Afghanistan," (2nd Ed.): Kabul. 1977.

The potential of Afghanistan’s mineral resources has not been lost on the GIRoA. The ANDS states that “Mining will play a major role in achieving the high rates of economic growth and increased government revenues envisioned in the ANDS.”²⁹⁸ In a 2009 “Request for Interest” to develop the Hajigak Iron Deposit, the Afghanistan Ministry of Mines (MoM) emphasized that “natural resources are a priority for the economic development of Afghanistan.”²⁹⁹ The First Annual Progress Report on the ANDS further states: “The ANDS Mining Sector Strategy aims to establish Afghanistan as an attractive destination for investment in...mineral resources. The intention is to encourage legitimate private investment for exploration of mining resources in order to substantially increase government revenues.”³⁰⁰ This is a promising strategy given the historical trends in the four developing countries considered in Figure 32.

Country	Exploration (US\$m)		Production (US\$m)		Exports (US\$m)	
	Before Reform	After Reform	Before Reform	After Reform	Before Reform	After Reform
Argentina	<3	150	340	1,310	70	700
Chile	15	250	2,400	7,500	2,300	6,900
Peru	10	200	2,000	3,900	1,900	3,600
Tanzania	<1	35	53	350	53	350

Figure 32. Examples of National Mining Sector Reforms and Their Effects on Economic Growth³⁰¹

The ANDS predicts similar possible benefits for Afghanistan if the Mining Sector strategy is pursued, including significant increases in production, additional value added to the Afghan government, jobs, and positive export balances.³⁰²

²⁹⁸ Islamic Republic of Afghanistan, “Afghanistan National Development Strategy,” 111.

²⁹⁹ Islamic Republic of Afghanistan, “Hajigak Iron Deposit,” 1.

³⁰⁰ International Monetary Fund, “First Annual Report,” 36.

³⁰¹ From Islamic Republic of Afghanistan, “Afghanistan National Development Strategy,” 109.

³⁰² World Bank, *Transitional Islamic State of Afghanistan Mining as a Source of Growth*, March 2004. http://www-wds.worldbank.org/external/default/WDSPContentServer/WDSP/IB/2004/03/26/-000160016_20040326111059/Rendered/PDF/282310AF.pdf (accessed February 15, 2010). 1–2. The report “estimates that the gross annual market value of solid minerals produced could increase from the estimated U.S.\$60 million currently to US \$253 million per annum by 2008...The sector could generate: value added of U.S. \$108 million yearly, royalties and other taxes of US \$18 million yearly, nearly 7,500 new jobs, [and] a positive export balance of US \$66 million.”

(2) Value Chains. Analysis shows that the natural resources and potential economic value chains in Afghanistan span areas that extend beyond the borders of the provinces. Leveraging these interrelated natural resources within a construct such as the “mines to market” value chain could greatly contribute to sustainable economic growth in Afghanistan.³⁰³ The U.S. government has identified “rugs, grapes, gems, marble, and Cashmere” as existing and potential value chains in Afghanistan.³⁰⁴ Another possibility is the timber value chain in Afghanistan, which operates well below its full potential due, in part, to an illegal timber trade network. Given the proper assistance, the Afghan government could recapture these value chains as part of the licit economy – providing revenue as well as economic growth. Cement, geothermal, and hydroelectric energy value chains are additional possibilities.³⁰⁵

Many of these resources are being exploited on a small scale at the local level. Clive Mitchell and Antony Benham tell us, for example, that although Afghanistan has large marble deposits throughout the country with “the potential to supply Middle Eastern and Asian markets with an almost unlimited supply of marble,” the Afghans have not been able to harness this economic value chain on a large scale. Marble removal is done with explosives, which fracture the stone and reduce its value. The “rough-hewn” blocks are exported to Pakistan for finishing and polishing due to lack of electricity, proper tools, and trained workers within Afghanistan.³⁰⁶ If marble and other resources could be harnessed on a large scale, the economic benefits for Afghanistan could be considerable. As noted, the United States is investigating how best to leverage these value chains from producer to consumer in order to maximize economic growth in Afghanistan. As the second largest donor, the EU could undertake similar

³⁰³ United States. Department of State, “Regional Stabilization Strategy,” 18, 19.

³⁰⁴ Ibid., 18.

³⁰⁵ D.S. Saba et al., “Geothermal Energy in Afghanistan: Prospects and Potential,” *Center on International Cooperation*. February 2004. <http://www.cic.nyu.edu/archive/pdf/Geothermal.pdf> (accessed February 15, 2010). 2; Clive Mitchell and Antony Benham, “Afghanistan: Revival & Redevelopment,” *British Geological Society*. June 2008. <http://www.bgs.ac.uk/AfghanMinerals/docs/IndustrialMineralsFinalArticle.pdf> (accessed February 14, 2010). 57–58. Mitchell and Benham note that Afghanistan had the “lowest cement production in the world” in 2008, despite abundant raw materials, and imports most of its cement from Pakistan and Iran.

³⁰⁶ Mitchell and Benham, “Revival & Redevelopment,” 55, 57.

measures by addressing value chains that are beyond the capability of most donors in Afghanistan to address. This is especially relevant to EU donors in light of the International Monetary Fund's (IMF) 2009 statement that, "Given the financial constraints and the lack of a full enabling environment for investment, gains [in the ANDS Mining Strategy] are difficult to achieve."³⁰⁷ The Afghan Ministry of Mines is attempting to find foreign investors that can leverage these natural resources.

Considering the potential benefits, the analysis presents a strong case for the EU donors to engage more heavily in this area. The following statement from the ANDS clearly identifies the path ahead: "There is great potential for the mining sector. The test will be in moving quickly from the success in attracting investment in the Aynak copper deposits to the development and exploration of the many other mineral resources of the country."³⁰⁸ In light of the significant requirements to address the ANDS Mining Strategy, the EU donors could be well-suited to assist the Afghans in leveraging their mineral resources to great effect.

Of course, the benefits of harnessing Afghanistan's natural resources and value chains are obvious. The more difficult question is: how could the EU help the Afghans to effectively harness these opportunities? Another critical question that must be addressed is: how could EU donors adjust their strategies without discarding the Provincial Development Plans, the mechanisms that are supposed to be used to achieve the objectives of the Afghanistan National Development Strategy? Fortunately, a model exists that provides potential answers to these questions.

³⁰⁷ International Monetary Fund, "First Annual Report," 36.

³⁰⁸ Islamic Republic of Afghanistan, "Afghanistan National Development Strategy," 8.

D. “NANGARHAR INC” CASE STUDY

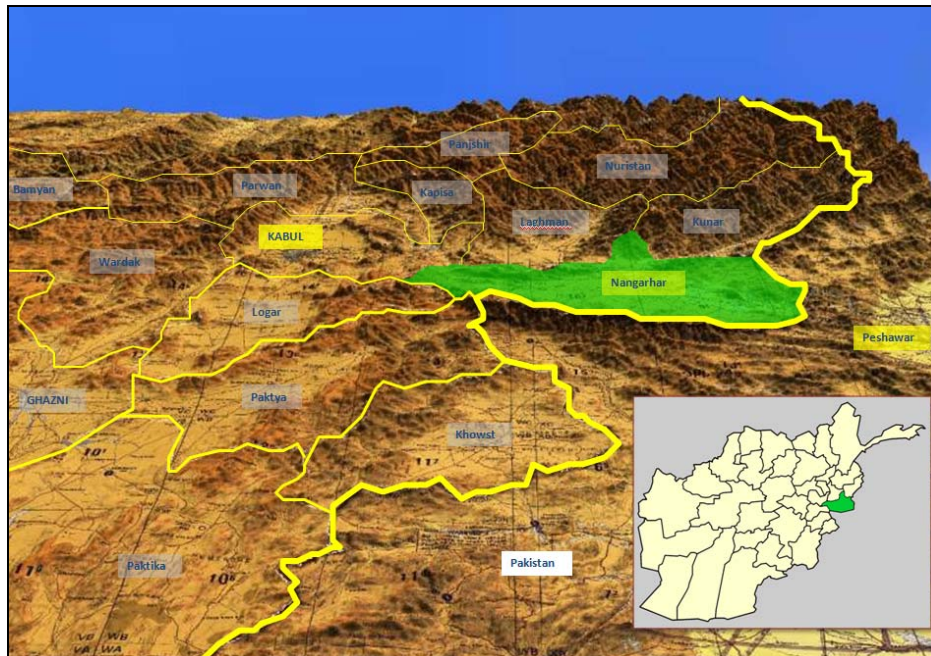


Figure 33. The Province of Nangarhar

1. Background

Daniel Korski has stated that “international aid providers—European development agencies in particular—should work with the UN mission in Kabul to develop different strategies for different parts of the country.” Korski identifies three distinct regions in Afghanistan: “the north, the south and east, and a central belt. Each of these areas requires a separate development strategy.”³⁰⁹ This observation displays an understanding that separate areas in Afghanistan have distinct needs and potentials that must be addressed in different ways. Regional development strategies that provide solutions and act as a model to link the ANDS and the PDPs are required. A United States interagency project called the Nangarhar Regional Development Strategy, or “Nangarhar Inc,” addresses just this need.

³⁰⁹ Korski, “Shaping Europe's Afghan Surge,” 13.

The plan was created in 2008 to address the numerous existing and potential value chains in and around Nangarhar province. Nangarhar, identified as one of Afghanistan's potential regional economic engines, was poised in 2006–2007 to explode with private-sector-led economic growth.³¹⁰ A fertile agricultural region, Nangarhar and the surrounding areas possessed large tracts of arable land for the cultivation of crops. Some progress had been made in reducing poverty and sustaining the Afghans within the region through numerous donor-funded short-term projects such as irrigation projects and seed distribution plans. There were even attempts by various donors to develop the private sector in the province, such as the United States Agency for International Development (USAID) Afghanistan Small and Medium Enterprise Development (ASMED) program. Yet, the province's burgeoning potential was constrained by a number of key factors. The lack of inexpensive electricity and critical infrastructure for business use (as opposed to residential use) prevented Nangarhar from reaching the tipping point where it could blossom into a flourishing and self-sustaining regional economic engine (see Figure 34). The infrastructure in place simply would not support the necessary local or foreign private sector investment needed to generate sustainable economic growth.

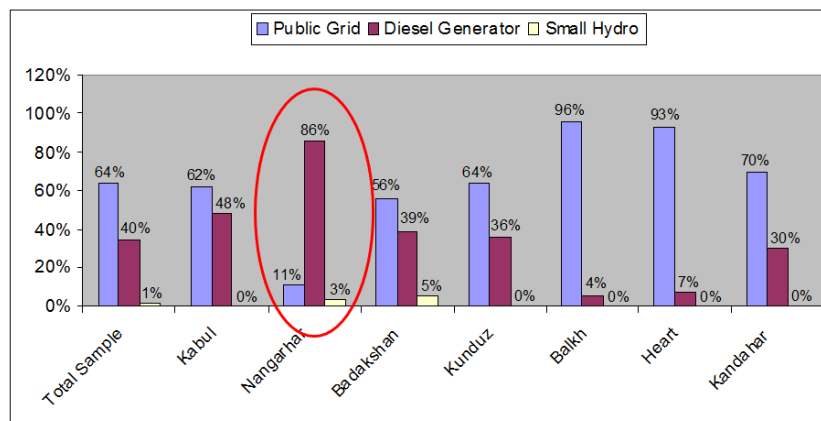


Figure 34. Lack of Critical Energy Infrastructure in Nangarhar Province in 2007³¹¹

³¹⁰ David Spencer, "Afghanistan's Nangarhar Inc: A Model for Interagency Success," *Military Review* 89, no. 4 (July–August 2009): 35.

³¹¹ U.S. Embassy, Kabul, Afghanistan Reconstruction Group analysis, April 2008. The Darunta Dam, with a maximum output of about 11.5 MW, generated only 6–9 MW of power daily. Combined with an aging power distribution network, this meant that businesses had to rely on private generators to provide power for their needs. The high cost of fuel severely affected local business ventures. See also World Bank, "Investment Climate," 10, 13–14, 31–32 for electricity effects on businesses by province.

Recognizing the potential of Nangarhar, in early 2008, the U.S. Ambassador to Afghanistan at that time, William Wood, commissioned the creation of a regional development strategy. Its purpose was partly to provide the critical infrastructure needed to bring private and foreign investment to the region. However, key portions of the plan were designed to leverage the potential and existing value chains in and around the province of Nangarhar that could generate sustainable economic growth led by the private sector.

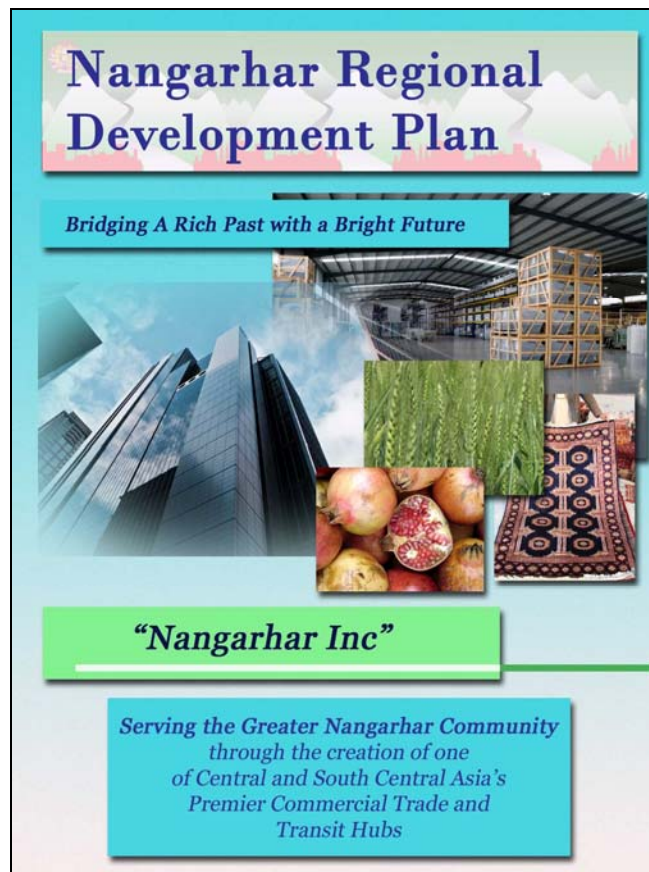


Figure 35. Cover Design of the Nangarhar Regional Development Strategy

The design of the 62-page business plan was based on a standard corporate model. Utilizing a Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis created by the U.S. Embassy's Afghanistan Reconstruction Group, the design team synthesized the advice and inputs from the various U.S. government agencies operating in

Afghanistan.³¹² “Nangarhar Inc” included a management and sustainability plan, and 35 prioritized projects. The proposed project list contained detailed project descriptions (including purposes and predicted effects), as well as charts of required resources, timelines and projected cash flows.³¹³ The projects fell into three categories: quick impact, near term, and long-term. One purpose of the quick-impact projects was to capitalize on the Nangarhar governor’s successful poppy eradication program in 2007–2008 by providing alternative livelihood solutions. However, their most important purpose was to jump-start economic growth in the region. Mid and long-term categories addressed other concerns such as intermodal transportation solutions (road and rail networks, and a regional airport with an international gateway). These projects were necessary to address Nangarhar’s export mechanisms (or lack thereof) in light of Jalalabad’s potential as a regional trade and transit hub.³¹⁴

Because of Nangarhar’s compelling SWOT analysis, some of the projects were designed to retain and enhance the existing value chains within Nangarhar and the surrounding region. For example, due to the lack of available export mechanisms, up to an estimated 30 % of produce grown in and around Nangarhar moldered in the fields in spite of available markets in Dubai and elsewhere in Asia.³¹⁵ To leverage these export opportunities, cold storage facilities with co-located power solutions were critical to enhancing the agribusiness economic value chain. As of 2007, Nangarhar exported a large percentage of its produce to businesses in Pakistan, which processed, packaged, and kept the products in cold storage facilities for later resale in Afghanistan at many times

³¹² Input was received from Task Force Bayonet (military forces in Nangarhar), USAID, the Department of State, the Nangarhar PRT, and others. The Afghan government was not involved in the initial stages, but was integrated soon after the launch of the project.

³¹³ Microlinks, “Nangarhar Inc Business Plan,” http://www.microlinks.org/multimedia/CivMilmedia/Nangarhar_Inc_Business_Plan.pdf (accessed February 26, 2010). 22–63.

³¹⁴ In this context, the term “regional” encompasses the countries around Afghanistan in central and southern Asia.

³¹⁵ Spencer, “Nangarhar Inc,” 37.

their original price. “Nangarhar Inc” addressed the critical infrastructure requirements for Afghans to enhance the agribusiness value chain in the region and capture these potential revenues.³¹⁶

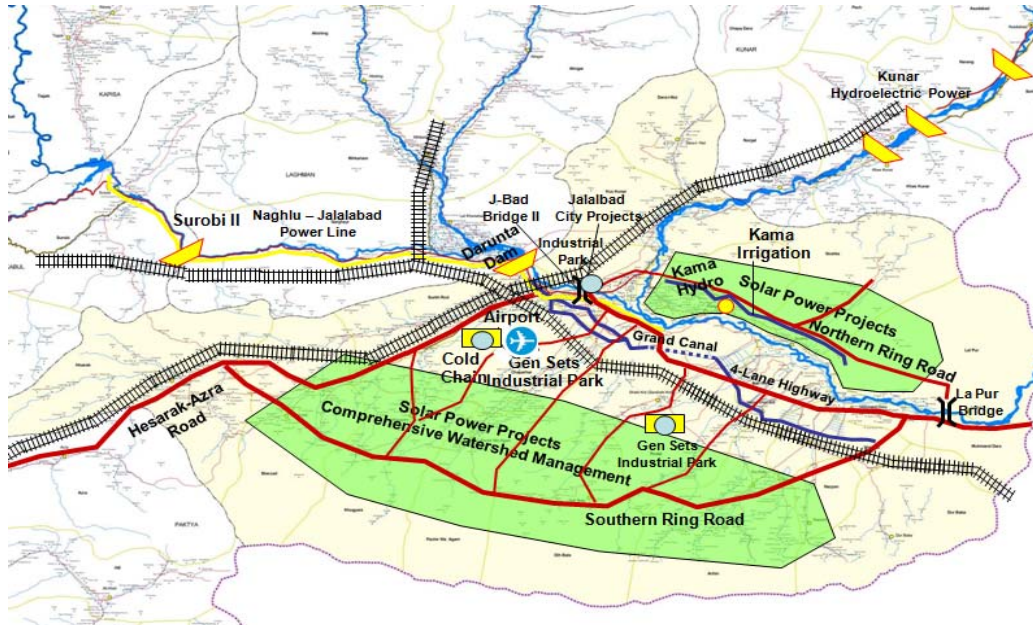


Figure 36. “Nangarhar Inc” Project Vision – July 2008³¹⁷

During the creation of “Nangarhar Inc,” the project design team identified power solutions as the most critical need. Although the lack of power for residential use in Afghanistan is a recognized and widespread problem, the lack of inexpensive power for business use is an example of a critical constraint that prevents foreign investors from investing in regions with otherwise significant potential for business ventures. Due to the high cost of the fuel required to operate generator sets (see Figure 34), 38 businesses in the city of Jalalabad failed within a 12-month period in 2008.³¹⁸ Donor-funded

³¹⁶ “Nangarhar Inc” also integrated relevant ongoing efforts in Nangarhar such as USAID and World Bank initiatives. For example, the World Bank was funding the construction of an industrial park for business use in Nangarhar. This type of project led the GIROA to approve the 2009 “Industrial Park Development Strategy.” See World Bank, “2009 Afghanistan Economic Update,” *Afghanistan*. <http://siteresources.worldbank.org/AFGHANISTANEXTN/Resources/305984-1237085035526/AfghanistanEconomicUpdateOct2009.pdf> (accessed February 23, 2010). 10.

³¹⁷ United States. Department of Defense, Nangarhar Inc Presentation, July 2008. The figure illustrates potential, not actual projects.

³¹⁸ Spencer, “Nangarhar Inc,” 37. Jalalabad is the provincial capital and largest city in Nangarhar.

micro-hydro projects are ubiquitous in Afghanistan but primarily act as band-aids. Larger solutions are required to generate sustainable economic growth, but they carry higher price tags.³¹⁹

One noteworthy large-scale power project was designed to harness an estimated 700–1,100 megawatts of potential hydroelectric power in the adjacent province of Kunar through a series of dam systems in the Kunar river basin.³²⁰ Besides providing inexpensive power for business and residential use, power from this project could be exported to Pakistan to assist in developing the Federally Administered Tribal Area and Northwestern Frontier Provinces (NWFP). Most importantly, this would begin to make the region more attractive for foreign investors. The Afghan government correctly noted in the Interim ANDS (I-ANDS) that “The private sector will not invest in small and medium-scale industries unless it has assured power supply.”³²¹ The approximately \$3 billion in costs that the China Metallurgical Group agreed to incur before ever breaking ground at Anyak are significant.³²² These challenges represent a considerable deterrent for most Afghan and foreign investors that must be addressed.

³¹⁹ As an example, micro-hydro projects can be afforded by nearly every donor agency in Afghanistan, but provide relatively small amounts of power for residential use—perhaps enough for a small community. A comprehensive watershed management plan with a medium-scale hydroelectric dam and power distribution system could cost \$3–8 million, but could provide multiple districts with inexpensive and reliable power for both residential and business use. These projects require comprehensive strategies and capable donors.

³²⁰ Spencer, “Nangarhar Inc,” 37.

³²¹ International Monetary Fund, *Islamic Republic of Afghanistan: Interim Poverty Reduction Strategy Paper*, IMF Country Report, Washington, D.C.: International Monetary Fund, 2006. 15.

³²² Ron Synovitz, *Afghanistan: China's Winning Bid for Copper Rights Includes PowerPlant, Railroad*, November 11, 2007. <http://www.eurasianet.org/departments/insight/articles/pp112607.shtml> (accessed March 11, 2010); Islamic Republic of Afghanistan, “Afghanistan National Development Strategy,” 109; Embassy of Afghanistan, Washington, “Anyak Copper Mine Predicted to Create 8,000 Direct Jobs Once Landmines are Cleared,” August 27, 2009. <http://www.embassyofafghanistan.org/AYNAKCOPPERMINE.-html> (accessed January 25, 2010). The ANDS states that “The company will establish a power station with 400 megawatt capacity at a cost of over \$400 million and will construct a town for the workers of the company. The company will also establish a railway route from Hairatan port in northern Afghanistan to Torkham in eastern Afghanistan.” The embassy article notes that the China Metallurgical Group is also providing “roads, hospitals, schools, mosques, and water sources.”

By reducing the requirement for private investors to invest heavily to simply ensure adequate living and working conditions for their employees, these types of projects will address the primary goals of the ANDS and, thereby, “ensure sustainable development through a private-sector-led market economy.”³²³ Few donors other than the United States and the EU donors have the capability to address these projects on the scale necessary to harness potential value chains, or to make these endeavors more appealing for Foreign Direct Investment (FDI) and Afghan businesses.

The “Nangarhar Inc” plan was also intended to provide a model for provinces and districts in RC-East to refine their development plans in a manner that considers value chains as opposed to simple lists of unrelated projects that are proposed by local officials and later assigned to ANDS sectors almost as an afterthought.

U.S. government forces worked to build the capacity of District Development Assemblies and other Afghan government officials to create development plans that linked projects together in order to capture and enhance potential economic value chains (see Figure 37). When viewed and leveraged as a value chain, the effects of these interconnected projects can be far greater than the sum of their unrelated parts.

³²³ Islamic Republic of Afghanistan, “Afghanistan National Development Strategy,” i.

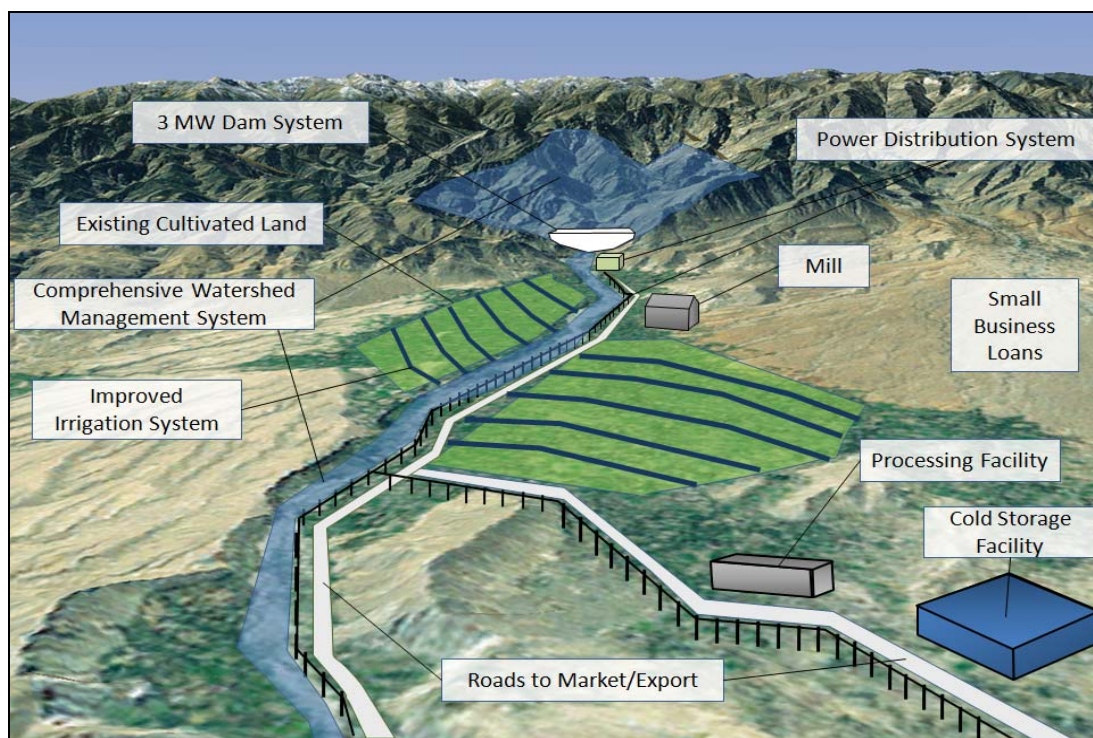


Figure 37. Example of a Potential Agribusiness Value Chain³²⁴

³²⁴ The diagram shows a comprehensive watershed management plan with a mid-sized dam for power and an associated distribution system. Irrigation and agricultural development projects increase the existing production of grain, leading to a mill and to a processing and packaging facility. These and the cold storage facilities are powered by the dam project. Roads link the projects together and provide the ability to bring the goods to market and export. Small business loans provide the private sector with the ability to enhance and maintain the value chain for sustainable economic growth. The screenshot shows a portion of a district within Nangarhar province and is from NASA's "World Wind" application. This diagram is based on a concept sketch used by the U.S. Army's 173d Airborne Brigade at Forward Operating Base Fenty in 2008.

2. “Nangarhar Inc” and the ANDS

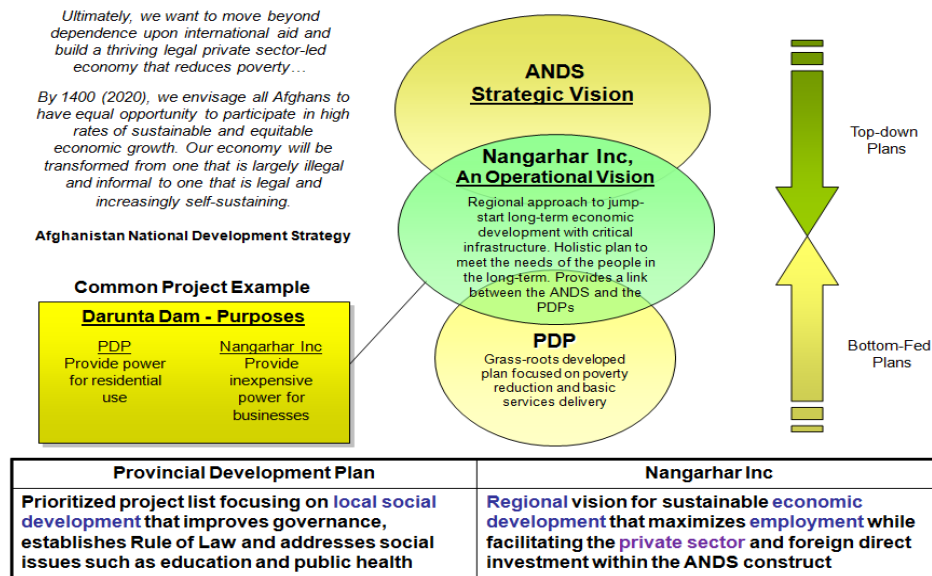


Figure 38. Relationship Between the ANDS, the PDPs, and “Nangarhar Inc”³²⁵

As indicated in Figure 38, “Nangarhar Inc” was not designed to replace the ANDS or the PDPs. First, “Nangarhar Inc” did not directly address every pillar of the ANDS, although long-term sustainable economic growth could enable the achievement of the other sector pillar goals and could lead to lesser reliance on international donor aid. Second, “Nangarhar Inc” was intended to complement the existing mechanisms, not replace them. This model could provide a much-needed link between the ANDS strategic vision and its mechanisms, the Provincial and District Development Plans. This follows the design of the OECD’s Development Assistance Committee in “[b]uilding on existing strategies and processes, rather than adding additional ones.”³²⁶ It also provides a clear focus on the importance of economic development—by shifting emphasis to long-term and private sector solutions as opposed to short-term poverty reduction projects.

³²⁵ United States. Department of Defense, Nangarhar Inc Presentation, July 2008; Islamic Republic of Afghanistan, “Interim Afghanistan National Development Strategy,” January 2006. 16. The quotes in the upper left of the figure are from the Interim ANDS.

³²⁶ OECD, *Strategies for Sustainable Development*, 12.

The Provincial Development Plan of Nangarhar states that “Creating the conditions in which a dynamic and competitive private sector can flourish is key to promote economic growth, employment creation and poverty reduction.”³²⁷ Coordinating development plans after the model of “Nangarhar Inc,” while weaving them into the fabric of the Provincial Development Plans, could more effectively achieve this vision.

E. THE EUROPEAN UNION: STRATEGIES FOR SUSTAINABLE ECONOMIC GROWTH

*The overall strategy must be politically, not militarily driven...This includes focusing on longer-term sustainable projects. Right now, over 80 percent of the projects carried out by PRTs have a value of under US\$100,000 and are mostly quick impact projects. Quick impact projects quickly become quick collapse projects if there is no real economic development to sustain them in the long term.*³²⁸

Kai Eide, UNAMA SR-SG. February 8, 2010

1. Possible EU Strategy Adjustments

To follow the UNAMA SR-SG’s advice and correct the imbalance between small-scale short term and large-scale projects, EU donors could use the “Nangarhar Inc” model. Since EU member states lead PRTs in ten provinces, those member states could advise and assist the Afghan government officials in those provinces to adjust their PDPs in a manner that would address potential economic value chains. The Provincial Development Councils could continue to utilize the National Solidarity Program to integrate community poverty reduction plans, but it could also begin to integrate regional planning, through the central Afghan ministries, that might more effectively address the ANDS visions. Secondly, the European Commission and EU member states should press to identify the potential resources and value chains in their respective operating areas since the ANDS has determined that 90% of Afghanistan still requires study “despite promising findings.”³²⁹

³²⁷ Islamic Republic of Afghanistan, “The Provincial Development Plan of Province Nangarhar,” August 5–15, 2007. 26.

³²⁸ Security & Defence Agenda, *The Security Jam – Changing Mindset and Learning from the Past (Discussion Thread)*, 2010. <https://www.collaborationjam.com/miniJam2/jam/discussionThread.do?gt=true&jamId=25503&f=25743&c=35983&n=15#35983> (accessed February 8, 2010).

³²⁹ Islamic Republic of Afghanistan, “Afghanistan National Development Strategy,” 8.

Of course, the greatest effects would be achieved within the framework of a unified and coordinated EU development strategy, which would be strengthened by partnership with the United States through UNAMA and the Joint Coordination Monitoring Board (JCMB), as discussed in Chapter III.³³⁰ However, even if the EU donors choose not to adopt the compelling strategy adjustments identified within this chapter, the themes themselves could be integrated into existing EU donor programs in a scalable manner. Given their noted lack of practical emphasis on long-term economic development relative to their stated policy, EU donors could still achieve significant results by considering the value of current projects in terms of their “Return on Investment” with regard to generating sustainable economic growth and facilitating the expansion of the private sector.

Another critical adjustment that must be made is to ensure that an appropriate proportion of projects is engaged with the purpose of developing the private sector. Existing EU donor programs such as the European Commission’s “Rural micro-credit schemes aimed at enabling the Afghan private sector to become the engine for agricultural growth and job creation” should be defined as “need to have” projects as opposed to “nice to have” endeavors.³³¹ Conditions must also be improved to make Afghanistan attractive to foreign investors. The importance of this requirement is difficult to overstate. The DAC’s *Strategies for Sustainable Development* highlights that, “Given that the financial resources flowing to developing countries through private investment now dwarf official development assistance; this is a challenge that needs to be addressed in developing and implementing strategies for sustainable development.”³³²

³³⁰ Matt Waldman, “Falling Short: Aid Effectiveness in Afghanistan,” *ACBAR Advocacy Series*, March 2008. [http://www.acbar.org/ACBAR%20Publications/ACBAR%20Aid%20Effectiveness%20-\(25%20Mar%202008\).pdf](http://www.acbar.org/ACBAR%20Publications/ACBAR%20Aid%20Effectiveness%20-(25%20Mar%202008).pdf) (accessed January 14, 2010). 5. Working with the United States creates further possibilities to engage these thematic large-scale projects. Waldman professes that “Donors should...increase the proportion of joint analytical work from one-third to two-thirds and ensure that at least half of donor missions are undertaken jointly.” These ideas could enhance the ability of donors to leverage large-scale projects with significant potential.

³³¹ Council of the European Union, *Strengthening EU Action in Afghanistan and Pakistan*, <http://register.consilium.europa.eu/pdf/en/09/st14/st14064.en09.pdf> (accessed December 6, 2009). 15. “Need/nice to have” are the author’s terms, not the Council’s.

³³² OECD, *Strategies for Sustainable Development*, 38.

Some of these changes will encounter resistance in the short-term. For example, supporting large-scale power projects for commercial applications will not be popular since, in some cases, this might be done at the expense of providing short-term power solutions for local Afghans. However, without pursuing long-term solutions that allow the private sector to generate sustainable economic growth, there is no viable long-term exit strategy for international donors.

2. Challenges

The political dimension is the most significant challenge associated with the EU donors' adoption of regional planning themes that could generate sustainable economic development. Implementation of this plan would require acceptance by the institutions of the EU, as well as by the member states. This could encounter resistance in the manner described in Chapter III. However, if the EU donors do not act in a coordinated manner, their collective status as the second largest donor in Afghanistan will remain irrelevant, along with their latent ability to address the large-scale potential projects identified in this chapter.

There are counterarguments to the idea of sustainable economic growth through regional planning that must be considered. Some members of the development community believe that development money should be spent equally across geographic regions. A statement in a 2008 DfID report is representative of this idea: "It is important that aid is evenly distributed in Afghanistan based on need and that the donor effort should be a 'whole of Afghanistan' effort."³³³ These ideas resonate with donors and stakeholders in Afghanistan because all areas of the country are in need of donor aid. Also, the perception of unequal development efforts could lead to resentment by Afghans. There is even the possibility of a "peace penalty," whereby Afghan government officials at various levels could accept or even promote visible instability because of a perception that peaceful provinces get less aid.³³⁴ This concern must be weighed carefully, but it should not cause the idea of leveraging economic value chains through

³³³ House of Commons, "Reconstructing Afghanistan: Government Response," 17.

³³⁴ Waldman, "Falling Short," 12. Waldman did not use the term "peace penalty," but referred to "perverse incentives, as insecurity is perceived as attracting more aid."

regional planning to be summarily discarded. The November 2009 first annual progress report for the ANDS rightly pointed out that one of the requirements to implement ANDS programs in an area is “a stable macroeconomic environment that will retain inflation at low levels, [and] support sustained high rates of economic growth and increased levels of private investment.”³³⁵ Although all areas in Afghanistan need donor assistance, not all have the potential to generate sustainable economic growth, multiply effects, and cause a planted “seed” to blossom on its own. An ill-considered application of an “evenly-spread” policy could be counterproductive to building sustainable, long-term economic growth. EU donors should consider how best to follow the spirit of this tenet, while ensuring that strict adherence without careful consideration does not damage Afghanistan’s long-term prospects.

A counterargument that is certain to arise is the question of marginalizing the Afghan government. Donors as well as the Afghans are calling for more aid contributions to be channeled through the GIRoA to ensure their ownership of the overall plan while building their capacity. Afghan ownership also reduces the perception that donor agencies are pursuing their own goals independently of the larger Afghan strategy. These arguments must be carefully balanced with the GIRoA’s ability to independently implement these plans effectively at the outset—plans which will be difficult for even experienced EU development agencies to implement. The Afghans, throughout the ANDS, note that they still need help from the donor community. An initial EU effort, in coordination with the Afghans, that would later be transferred to the GIRoA, could be the most effective way to proceed. Analysis also shows that the policies examined in this chapter align with the strategies defined in the ANDS.

Some might point to other significant challenges, such as the need to develop the capacity of the Afghan government at all levels, as more pressing than long-term economic growth projects with effects that might be measured in terms of many months or years. These are key tasks, especially considering that the World Bank identified weak government policy enforcement as the most critical challenge facing businesses in

³³⁵ International Monetary Fund, “Islamic Republic of Afghanistan: Afghanistan National Development Strategy: First Annual Report (2008/09),” November 2009. <http://www.imf.org/external/pubs/ft/scr/2009/cr09319.pdf> (accessed December 2, 2009). 10.

Afghanistan.³³⁶ Yet, although Afghan capacity-building is a critical task, these policies simply represent a recommended adjustment to current efforts in selected ANDS sectors. These policies are not intended to replace the overarching ANDS, its mechanisms for implementation, or the ongoing efforts in the Governance pillar of the ANDS.

The risk that the Afghans could be exploited by large foreign firms is another possible source of concern. However, this possibility has been considered by the GIRoA, and its answer is given in the ANDS: “Given the limited capacities in the public sector and in the nascent domestic private sector, much of this effort will focus on trying to encourage foreign firms with the expertise [and] ability to manage risk and access to financial resources to take advantage of the many opportunities that exist for investment in Afghanistan.”³³⁷

The values of the EU donors would probably lead to cause consternation over the development of coal and asbestos value chains, given their impact on the environment and associated hazards. However, the DAC’s *Strategies for Sustainable Development* states, “The commitment and involvement of the private sector...is dependent on how well the strategy responds to the motivations of these groups.”³³⁸ If a market for coal exists and private investors want to leverage it, there is a case to be made for doing so.³³⁹ EU donors should also be circumspect about applying Western values to a developing country like Afghanistan. Significant poverty reduction effects through sustainable economic growth must be balanced with the ideals practiced in Western nations. However, EU and other donors can certainly prioritize the projects undertaken. Enhancement of coal and asbestos value chains should ideally be a last resort for donors

³³⁶ World Bank, “Investment Climate,” vii, 8–10, 19. The top six constraints to businesses, in order, were: “(1) weak policy enforcement; (2) poor provision of electricity; (3) crime, theft and disorder; (4) corruption; (5) access to land; and (6) access to finance.” See also World Bank, “Doing Business 2010 Afghanistan: Comparing Regulation in 183 Economies,” *Reports and Papers – Doing Business*, <http://www.doingbusiness.org/Documents/CountryProfiles/AFG.pdf> (accessed February 26, 2010). 28–31. The IMF ranks Afghanistan as 160 out of 183 global economies in ease of “doing business,” with Afghanistan ranking last in the world at 183 in three of ten key indicators, while ranking below 149 in all but three indicators.

³³⁷ Islamic Republic of Afghanistan, “Afghanistan National Development Strategy,” 8.

³³⁸ OECD, “Sustainable Development,” 39.

³³⁹ USGS, “Coal Resources of Afghanistan,” 1. The USGS estimated the 2005 coal production in Afghanistan to be about 220,000 tons per year. This indicates an existing value chain which could be enhanced.

and Afghans alike. Yet, the question of whether they should be summarily ignored should be resolved through a careful analysis by all of the relevant stakeholders involved.

The challenge of how the EU donors could best leverage Afghanistan's large-scale resources and value chains must be considered. Proposing that the EU donors provide billions of euros to develop the Hajigak Iron Deposit in the same manner as the China Metallurgical Group's investment in the Anyak Copper Deposit would not be realistic. However, the EU donors could focus on these types of projects in a scalable manner. Further studies of natural resources could be completed. EU donors could assist the Afghan Ministry of Mines by bringing in foreign investors. EU donors could work with the relevant Provincial Development Councils and governors to reshape the PDPs in the manner discussed in this chapter. They could also create regional development strategies after the "Nangarhar Inc" model in coordination with the GIRoA that would set the conditions for private and foreign investors to flourish.

Finally, because of the political challenges associated with creating a completely unified and coordinated EU development strategy, the European Commission and the Council of the European Union might find it advisable to enlist the aid of some of the larger EU member state donors in addressing these themes. The European Commission (EC) contributes only 25% of the total EU donor aid in Afghanistan. However, when the EC's contributions are considered together with those of Germany and the UK that figure jumps to 57%. The addition of the contributions of Denmark, Finland, France, Italy, the Netherlands, Spain, and Sweden brings the total to 93% of EU donor aid.³⁴⁰ If the EC, and a number of the key EU member state donors agreed to a change, that momentum could increase the probability of the other EU donors following suit.

F. CONCLUSION

The EU donors have the potential to achieve significant effects by leveraging large-scale projects and value chains that could generate sustainable, long-term economic growth in Afghanistan. However, these donors have not yet placed the appropriate

³⁴⁰ European Commission, *EU Blue Book 2009: The EU and Afghanistan*, http://www.delafg.ec.europa.eu/en/downloadable_documents/EUBlueBookAfg_2009.pdf (accessed November 20, 2009). 5.

emphasis on economic and private sector growth, regardless of the stated importance of these factors. This analysis indicates that an adjustment to the EU donors' strategy would be advantageous.

The rationale for a change in strategy is compelling. On the political side, leaders within the EU should acknowledge that the current EU development strategies have not achieved effects commensurate with the capabilities of the EU donors. This may be due to the inability or unwillingness of the EU donors to unite and address critical long-term projects with significant growth potential. Other key stakeholders, such as the United Nations Secretary General, the UNAMA SR-SG, and the Afghan government (through the ANDS) have indicated that long-term projects have been neglected. This is also probably one of the reasons why the United States has adjusted its development strategy to more fully address regional strategies that encompass value chains and natural resources. Acting together, the EU donors would be well situated to address this shortfall.

On the development agency side, a greater emphasis on sustainable economic growth is clearly indicated. Given the fact that the EU donors are providing an unbalanced amount of weight on short-term projects, it is clear that a rebalancing of priorities in favor of projects that promote sustainable economic growth with the private sector in the lead should be a pressing concern for policy makers in the European Union. By implementing the policies described in the "Nangarhar Inc" case study, EU donors could begin integrating regional development strategies with the Afghan government. Combined with an enabling legal and political environment, these strategies have the potential to reduce poverty in Afghanistan by contributing to sustainable economic growth.

The possible long-term benefits of this shift in EU development strategy are significant. High Afghan employment rates could reduce the Afghan reliance on poppy production for subsistence, and criminal and insurgent activity could be significantly reduced—both from the lack of employable fighters as well as from the livelihoods other than poppy production provided by economic growth. The inability of insurgent groups to draw from an unemployed Afghan base of fighters could also assist in stability and security efforts. Long-term benefits might include widespread and sustainable poverty-

reduction effects, and a decreased reliance on international aid with an associated reduction of intervention by the EU and other donors. These compelling arguments suggest that this plan deserves careful consideration by the leaders of the European Union.

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V. CONCLUSIONS AND RECOMMENDATIONS

The European Union (EU) could make its development strategy in Afghanistan more effective by addressing two major themes: coordination between the institutions of the EU and the member states, and the pursuit of sustainable economic growth through regional development strategies.³⁴¹ The rationale and need for enhanced coordination is clear, and this issue is well known and much discussed. The theme of sustainable economic growth through regional development strategies is not as widely discussed, but the grounds for pursuing this concept are equally strong.

The wide spectrum of experience within the European Union and its member states is an asset in many regards. The 25 EU member states active in Afghanistan (all except Cyprus and Malta) have contributed to the Afghanistan National Development Strategy (ANDS) and its predecessors in various and diverse ways, often at the direction of distinct national government agencies. However, this same diversity among the EU's member states has also proved to be a hindrance to effectiveness. Jo Coelmont remarks that the EU member states have “showed solidarity right from the start by providing military, civil and financial support but—with a few exceptions such as the UK—remain absent from the strategic debate.”³⁴² Disparate objectives and modes of action have prevented the institutions and member states of the EU from rallying behind a unified and coordinated strategy that could provide effects in Afghanistan for the Union. The EU's status as the world's largest aid donor and the second-largest donor in Afghanistan has been misleading because in Afghanistan, there has been no “European Union” development strategy—only a group of EU donors pursuing different strategies in the same country. The poor coordination of the EU donors has contributed to the problem of aid ineffectiveness.

³⁴¹ As noted in Chapter IV, “regional” development strategies refers to plans that encompass geographic regions within Afghanistan, such as mineral resources that span more than one province.

³⁴² Coelmont, *End State Afghanistan*, 3. Jo Coelmont is a Senior Associate Fellow at EGMONT, the Belgian-based Royal Institute for International Relations.

As discussed in Chapter III, the solutions provided by the formal appointment and support of a “super envoy” could alleviate much of the EU aid ineffectiveness. This change would not be easy, as EU donors would be loath to change direction from their present course. Some leaders of EU member states would also resist relinquishing control of a portion of their donor funds, regardless of the potential benefits. The fact that aid effectiveness in Afghanistan is objectively a more pressing long-term collective interest of the EU than advancing narrow national interests is worth underscoring because a large portion of the resistance to a unified strategy has come from the EU member states.

Chapter IV examines a potential realignment of priorities by the EU donors. The short-term direct poverty reduction projects pursued by the EU donors in Afghanistan in the early years of the international intervention that began in 2001 were logical. The needs of the Afghans were pressing and immediate, and an imbalance in favor of short-term over long-term projects was sensible and logical. Nearly nine years later, analysis shows that this continuing imbalance in favor of short-term projects should be corrected by launching long-term projects designed to promote sustainable economic growth in Afghanistan.

The EU has important programs that contribute to long-term effects in Afghanistan, such as those in Governance, Justice, Rule of Law, etc. Yet, in view of the stated importance of private-sector-led sustainable economic growth to the long-term prospects of Afghanistan, it is difficult to comprehend why the EU development programs have remained so disconnected from those key concepts. For example, the Country Strategy Paper for Afghanistan states that the European Commission (EC) is focusing on areas “where the EC has a *clear value-added* and where there is a *lack of other major donors*.”³⁴³ This is logical, but the EU donors consistently favor short-term “band-aid” projects in the Economic and Social Development pillar of the Afghanistan National Development Strategy (ANDS) over those that would contribute to long-term sustainable economic growth and that could lead to an independent Afghanistan and a reduction in the need for international support. Except for the agricultural value chain, on which the

³⁴³ European Commission, “Country Strategy Paper: Islamic Republic of Afghanistan 2007–2013,” *Europa – External Relations*. 2007–2013. http://ec.europa.eu/external_relations/afghanistan/csp/07_13_en.pdf (accessed July 28, 2009). 18 (italics added).

United States is now focusing, economic value chains in Afghanistan are severely underdeveloped due to the disconnect between the ANDS and the Provincial Development Plans (PDPs). For example, the tremendous potential of the Afghan mining industry has only been leveraged to 1%.³⁴⁴ There is a “lack of other major donors” in this and other potential value chains in Afghanistan. If the EU could muster its resources in a coordinated manner, it could act more effectively as the second largest donor in Afghanistan and could provide a “clear value-added” by addressing large-scale projects beyond the capabilities of nearly all other donors in Afghanistan.

This fact also illustrates the complementarities of the two principal findings of this thesis. As noted in Chapter IV, without pursuing long-term solutions that enable the private sector to generate sustainable economic growth, there can be no viable long-term exit strategy for international donors.

Regardless of the level of integration with the United Nations Assistance Mission to Afghanistan (UNAMA), EU donors who revise the EU development strategy into a unified plan could well choose to do so in a manner that emphasizes EU priorities. Specific priorities for the European Union would then include:

1. Agreeing that effective aid coordination in Afghanistan is more important than maintaining the autonomy of disparate EU donor development strategies. This agreement could lead to identifying and empowering an EU “super envoy” and determining the appropriate level of EU donor funds and project control to relinquish to an EU “super envoy” for greater effectiveness.

2. Agreeing to begin correcting the imbalance between short-term and long-term projects in an effort to promote sustainable economic growth. This would include identifying which funding channels—such as the Afghanistan Reconstruction Trust Fund (ARTF) through “unpreferenced ARTF” funding—are best suited to draw from to augment funding for long-term projects.

³⁴⁴ World Bank, “Transitional Islamic State of Afghanistan: Mining as a Source of Growth,” Report #28231-AF, 3/2004. 1, cited in United States. Special Inspector General for Afghanistan Reconstruction, “Quarterly Report to Congress,” *Reports to Congress*. January 30, 2010. <http://www.sigar.mil/reports/quarterlyreports/Default.aspx> (accessed March 3, 2010). 108.

3. Investigating the use of “Nangarhar Inc”-type plans with the potential to leverage economic value chains in EU donor focus areas in Afghanistan. This could be done most advantageously in cooperation with the government of Afghanistan and the Joint Coordination Monitoring Board (JCMB).

4. Promoting the inclusion of these tenets into the PDPs to bridge the gap between the PDPs and the ANDS.

5. Agreeing to consider projects that offer a “return on investment” in terms of sustainable economic development, promote the ability of the private sector to lead sustainable economic growth in Afghanistan, and are beyond the reach of other donors with relatively smaller budgets and less developed skill sets.

Since EU donors already agree that improved coordination is vitally important in Afghanistan, the first recommendation might be regarded as little more than a formality. More importantly, the EU has recognized that the time to act is now. The December 2009 statement by the Council of the European Union entitled *Strengthening EU Action in Afghanistan and Pakistan* affirmed that “strategies alone will not suffice. Now, more than ever, implementation and action are required.”³⁴⁵ The imbalance in the EU strategy is clear. The method to correct this imbalance is evident. By creating a unified strategy under an EU “super envoy” or similar mechanism, and applying the lessons learned from the “Nangarhar Inc” model, the European Union could pursue a vastly more effective development strategy in Afghanistan.

As with NATO, the stakes for the European Union are high; the price for “failure in Afghanistan,” however defined, could be devastating to the Union. It would certainly validate the claim by William Wallace that the EU is suffering from a “loss of a sense of shared direction...and the decline in both the legitimacy and efficiency of the Brussels

³⁴⁵ Council of the European Union, *Strengthening EU Action in Afghanistan and Pakistan*, <http://register.consilium.europa.eu/pdf/en/09/st14/st14064.en09.pdf> (accessed December 6, 2009). 4.

institutions.”³⁴⁶ The European Union has ambitiously expanded its sphere of influence across the globe, but it has simultaneously stumbled in Afghanistan due to an inability to effectively cooperate.

Yet, the benefits of a more successful EU intervention in Afghanistan could be compelling. In the near term, a more unified and better coordinated EU development strategy could provide a model to be emulated by the rest of the donors in Afghanistan. As Daniel Korski of the European Council on Foreign Relations states, the EU member states and their collective institutions could present “a united front so as to encourage other donors to set aside their narrow national interests.”³⁴⁷ In the long term, effective unity in action could show that the European Union is more than an experiment that is doomed to be relegated to a permanently sub-optimal plateau by the politics of the member states.

When the policy makers of the European Union decide that the importance of a unified, effective, long-term, and sustainable development strategy supersedes narrow national and institutional interests, the rationale to make the difficult choices necessary to implement this strategy may be compelling enough to tip the balance. When the political and financial costs of failure in Afghanistan are compared with the benefits of a successful intervention, the merits of the potential changes analyzed in this thesis deserve the strongest possible consideration by the leaders of the European Union.

³⁴⁶ William Wallace, “The Collapse of British Foreign Policy,” *International Affairs*, Vol. 82, No. 1. 2005. 61.

³⁴⁷ Daniel Korski, “Afghanistan: Europe's Forgotten War,” January 31, 2008. http://ecfr.3cdn.net/fcdc73b8da7af85936_q8m6b5o4j.pdf (accessed July 28, 2009). 30.

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